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THE U.C.C. QUARTERLY

VOLUME I, NO. 1 SUMMER, 1942

OCT 5 1942

A mica processing plant in Spruce Pine, N. C. North Carolina is the nation's largest producer of mica.

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The U. C. C. Quarterly

Volume I; No. 1 Summer, 1942

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NORTH CAROLINA UNEMPLOYMENT COMPENSATION COMMISSION

Commissioners: Judge C. E. Cowan, Morganton; C. A. Fink, Spencer; Mrs. F. L. Fuller, Jr., Durham; R. Dave Hall, Belmont; Hon. T. Clarence Stone, Stoneville; Dr. Harry D. Wolf, Chapel Hill.

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WILLIAM R. CURTIS . . . . . *Acting Chairman*
R. FULLER MARTIN . . . . . *Director*
MRS. FRANCES TREADWELL HILL . . . . . *Editor*

Regular Contributions in each issue from the

UNITED STATES EMPLOYMENT SERVICE FOR NORTH CAROLINA

MRS. GERTRUDE K. CLINTON . . . . . *Director*

Cover illustrations represent typical North Carolina industries under the unemployment compensation program. *Cover for Summer, 1942—Mica Mine at Spruce Pine.* Photograph by courtesy of the North Carolina Department of Conservation and Development.

For the past several years North Carolina has mined and processed about 60 percent of all sheet mica produced in the United States. Now, with supplies from India and Madagascar being cut off, the Government is making a determined effort to increase production, and is looking to this State for a considerable additional output of this mineral vital to several phases of war production.

Sent free and upon request to responsible individuals, agencies, organizations and libraries. Address: U. C. C. Informational Service, Raleigh, N. C.

CONTENTS

Foreword 2
Editorials 3
Unemployment Compensation in North Carolina, Maj. A. L. Fletcher 4
Taxable Employment in Unemployment Compensation, Ralph Moody and W. D. Holoman 6
Industrial Distribution of Covered Workers, Silas F. Campbell 9
Notes on Operations 11
1. The Trend in U. C. C. Operations
2. Time Study of Appealed Claim Cases
3. Recovering Overpayments
4. Interstate Benefits.
A Study of the Duration of Benefit Payments, Benton Bray 14
Survey of Priorities Unemployment 18
The Mica Industry in North Carolina 21
Analyzing State's Labor Supply and Demand, Benton Bray 22
The Place of the Employment Service in the War Program, M. R. Dunnagan 24
Business Activity in North Carolina, Silas F. Campbell 26
Employer Experience Rating 28
New Claims Manual 30

CHAIRMAN'S FOREWORD

UNEMPLOYMENT COMPENSATION DURING THE WAR PERIOD

W. R. CURTIS

At the present time employment in North Carolina is at the highest levels in history, and there is now every reason to expect that it will continue at these high levels, at least for the duration of the war. Because of the high levels of employment—and, as a consequence, relatively little unemployment—there may arise in the minds of some a question as to the need for unemployment compensation at this time.

As a benefit-paying program, unemployment compensation is, of course, relatively unimportant during a period of full employment. It is expected, therefore, that relatively few benefits will be paid during the war period while jobs are plentiful. This does not mean, however, that the unemployment compensation program will not be functioning; rather, the decline in benefit payments will be an indication of its proper functioning.

For unemployment compensation to function as a benefit program, it is necessary that reserves be built up in good times out of which benefits may be paid when unemployment becomes general. Today, therefore, the Unemployment Compensation Commission is accumulating that necessary reserve against the day when employment begins to decline.

No one can accurately foretell what the post-war period will bring. It is obvious, however, that, as a nation, it will be necessary to shift from a predominantly war economy to a predominantly peace economy. At the same time, presumably, large numbers of men will be released from the armed forces. If the shift from a war to a peace economy can be made with a minimum of dislocation, and if the demobilized members of the armed forces can be absorbed readily, we might encounter only short-term unemployment. If the adjustment is not made without far-reaching dislocations, we might face a large volume of long-term unemployment. It seems reasonable to assume, therefore, that the post-war period will bring unemployment, the exact character of which will depend on conditions at that time.

It is a major responsibility of the Unemployment Compensation Commission during the war period to prepare for the problems it will face in the post-war period. A part of that preparation is the accumulation of reserves out of which to pay benefits. These reserves are accumulated by collecting contributions from employers subject to the Unemployment Compensation Law. At the present time these reserves are accumulating very rapidly due to the high level of employment. Beginning in 1943, experience rating becomes operative in this State, and its effect will be to reduce contributions. However, even with experience rating, the reserves should continue to increase, although at a reduced rate.

Another part of the preparation for the post-war period is the perfecting of administration. The Commission during the war period should prepare

(Continued on Page 3)

THIS PUBLICATION . . .

The Unemployment Compensation Commission's former monthly publication, *North Carolina Employment Security Information,* was discontinued with the December 1941 issue, at the time the Employment Division was withdrawn to the federal service. This new Quarterly has been planned not only to continue but to somewhat expand the scope of the former monthly, although there will be four rather than twelve printings each year.

Following the six-month lapse in publication of any similar material by the Commission, many of the articles in this first issue of the Quarterly are intended to be historical as well as introductory. It is contemplated that they be followed up in subsequent issues with more detailed discussion of factual material and current problems.

WE, THE COMMISSION . . .

In these days of national stress when everyone feels called upon to do what he can in behalf of our country, let us take stock of ourselves as a body of workers in the service of the state and federal governments. As personnel of the Unemployment Compensation Commission of North Carolina, we are a group of 300 persons charged with the administration of a considerable public program. There is a fund of over forty million dollars in our care, insuring more than 750,000 North Carolina workers against employment hazards of the present and future. We are an integral part of our country's broad plan of social security—a function which President Roosevelt has declared essential to the whole war effort. After all, our belief in the right to social security is one of the reasons we are involved in this war.

Our part here may be less glamorous and less noticeable than the accomplishments of men in the fighting forces, but we hold, nevertheless, a definite share of our nation's responsibility to its people. We are answerable to the public, now more than ever, for an understanding and efficient operation of our agency, to the end that people look to us always with confidence and respect.

In the conduct of affairs of any organization, the individual contribution of each man and woman is also an essential part of the whole.

"For want of a nail, a shoe was lost;
For want of a shoe, a horse was lost;
For want of a horse, a rider was lost;
For want of a rider, a battle was lost;
For want of a battle, a kingdom was lost;
All for the want of a horseshoe nail."

This is no frivolous ditty, but the poetic embodiment of a sound idea. For without the devotion of each one of us to our particular job within the U. C. C. group, not only might the activities of the Commission suffer, but its character and reputation as well —carrying with them a reflection upon our country's Government.

Each one of us in the Commission bears on his own shoulders a share in the promotion of our country's welfare. Let us then, with increased devotion, reaffirm our pledge to do our jobs to our very best—for the sake of everything our country has at stake.

ACCORDING TO LAW* . . .

" . . . the public policy of this State is declared to be as follows: Economic insecurity due to unemployment is a serious menace to the health, morals, and welfare of the people of this State. Involuntary unemployment is therefore a subject of general interest and concern which requires appropriate action by the Legislature to prevent its spread and to lighten its burden which now so often falls with crushing force upon the unemployed worker and his family. The achievement of social security requires protection against this greatest hazard of our economic life. This can be provided by encouraging employers to provide more stable employment and by the systematic accumulation of funds during periods of employment to provide benefits for periods of unemployment, thus maintaining purchasing power and limiting the serious social consequences of poor relief assistance. The Legislature, therefore, declares that in its considered judgment the public good, and the general welfare of the citizens of this State require the enactment of this measure, under the police powers of the State, for the compulsory setting aside of unemployment reserves to be used for the benefit of persons unemployed through no fault of their own."

*N. C. Public Laws 1936, C. I, Sec. 2.

CHAIRMAN'S FOREWORD

(Continued from Page 2)

itself adequately to meet whatever volume of unemployment appears after the war. This preparation requires the holding together of an organization in the face of high personnel turnover due to withdrawals by the Selective Service and resignations to accept more lucrative employment elsewhere. It requires also that administrative techniques be perfected.

A further responsibility of the Unemployment Compensation Commission is the examination of the substantive aspects of the unemployment compensation program for the purpose of recommending needed changes to the Governor. Such matters as the adequacy of reserves, the adequacy of coverage, and the adequacy of benefits will be particularly important in the post-war period.

It should be borne in mind that not all unemployment will disappear during the war period. The transition to a war economy has already produced considerable unemployment and will likely produce more. In addition, there will be an irreducible minimum of unemployment occasioned by such factors as seasonal layoffs, transfers from one job to another, repairs, and the like. It is expected that the unemployment will be short-term, but its character will probably depend largely on the individuals affected.

Unemployment Compensation in North Carolina

By A. L. Fletcher, Chairman†

The history of unemployment compensation in North Carolina goes back to 1933. In the General Assembly of that year, Senator W. O. Burgin, now a member of Congress, of Davidson County, introduced an unemployment insurance bill, modeled after a similar bill pending at the time in the Ohio Legislature. Senator Burgin's bill met with considerable favor and it was before the Senate with a favorable committee report, when he withdrew it and introduced a bill providing for a Commission, to be named by the Governor, to make a study of the question. The bill further provided that, if the Commission found it wise, it would prepare a bill for presentation to the 1935 session of the General Assembly.

Senator Burgin's substitute bill passed, and this Commission began its work in 1934. Its membership was composed of Senator Burgin as Chairman and Senator John Sprunt Hill, of Durham; Thurmond Chatham, Winston-Salem; T. Austin Finch, Thomasville; Dr. W. H. Glasson, Duke University; P. R. Christopher, Shelby; T. A. Wilson, N. C. Industrial Commissioner, Raleigh; Mrs. W. T. Bost, State Welfare Commissioner, Raleigh; Mrs. May Thompson Evans, State Director, Employment Service, High Point; A. L. Fletcher, Commissioner of Labor, Raleigh.

The Commission engaged Professor Harry D. Wolf, a nationally recognized authority in the field, and a member of the faculty of the University of North Carolina, as executive secretary. A grant of E. R. A. funds provided for a staff of workers and several months of intensive study followed. The Commission held hearings in several of the cities of the State. Prior to the meeting of the General Assembly of 1935 the Commission had completed its work, had drawn up and signed its report, and had drafted a law which, in the judgment of the experts of the President's Committee on Social Security, was sound throughout and would meet the requirements of the Federal Social Security Act, which at that time was practically completed.

Neither the study made by the Commission, nor the bill prepared by it, was ever presented to the General Assembly. One impediment was the failure of Congress to reach a decision on the Federal Social Security Act, which did not become Law until August 14, 1935. In the face of the uncertainty as to the Federal Social Security Act, Governor Ehringhaus was opposed to the introduction of the Commission's bill until Congress had acted. The General Assembly adjourned on May 11, 1935, with Congress far from agreement, and in the last hours of the session, Governor Ehringhaus sought to save the day by framing and introducing the so-called "enabling act," Chapter 492, Public Laws of 1935, authorizing the Governor and the Council of State to set up an unemployment compensation program, provided that Congress passed the Federal Social Security Act, which was then pending. The Governor's bill was passed without opposition.

When the Federal Social Security Act finally became law on August 14, 1935, the North Carolina statute was presented to the Social Security Board, established under the Social Security Act, for approval. The North Carolina statute was found to be defective in that it did not require contributions to a state unemployment compensation fund by employers, but provided simply that the administrative agency might receive contributions. As a result of this defect in the North Carolina statute, it became necessary for additional legislation to be enacted if North Carolina was to receive any benefits from the unemployment compensation provisions of the Federal Social Security Act.

The Federal Social Security Act itself levied a tax on employers of eight or more engaged in certain types of activity. It provided that, if the various states enacted laws levying taxes for unemployment compensation, employers could offset as much as 90 percent of the tax levied by Congress. If the States failed to enact acceptable legislation the tax imposed by Congress under the Social Security Act would be collected by the Federal Government and go into its general fund. The Social Security Act itself did not establish an unemployment compensation system but merely provided an incentive for state action in the form of this tax offset.

The federal tax became operative with respect to payrolls in 1936. If North Carolina was to benefit from the payroll taxes paid by employers in 1936, the Social Security Act required that the state law be in force and effect by the end of the year. If North Carolina was to have legislation in effect by this time it was necessary that Governor Ehringhaus call a special session of the General Assembly. No action was taken by the Governor until the latter part of the year, but a special session of the General Assembly was finally called in December 1936. This special session acted speedily and the North Carolina Unemployment Compensation Law was passed on December 16, 1936. It was approved by the Social Security Board on December 19, 1936.

The Unemployment Compensation Law provided for an administering body, the Unemployment Compensation Commission, consisting of three members, two of these appointed by the Governor and the third was the Commissioner of Labor. The Governor designated one of the members of the Commission as Chairman.

In accordance with the provisions of the law, Governor Ehringhaus appointed Mr. Charles G. Powell, Chairman, and Mrs. J. B. Spilman, member. of the Unemployment Compensation Commission, which was charged with administering the Law. A. L. Fletcher, the Commissioner of Labor, became ex-officio third member of the Commission. (On September 12, 1938, Mr. Fletcher resigned as Commissioner of Labor and was succeeded on the Commission by Mr. Forrest H. Shuford). The members of the Unemployment Compensation Commission took their oath of office on December 21, 1936.

†Major Fletcher is absent on leave for military service.

The Commission had the duty of administering the Unemployment Compensation Law and, in order to carry out its duty, was given power to take whatever action it deemed necessary or suitable to that end.

The three-member Commission provided in the Unemployment Compensation Law as originally enacted continued until July 1, 1941. The General Assembly of 1941 amended the Unemployment Compensation Law by enacting a reorganization bill which was ratified on March 15, 1941. The reorganization bill abolished, effective July 1, 1941, the three-member Commission that had been operative since the passage of the Unemployment Compensation Law, and authorized the Governor to appoint a Commission consisting of seven members, one of whom was to be designated as Chairman. The Chairman was to serve full time and be paid a salary fixed by the Governor with the approval of the Council of State. The other members of the Commission were to be paid $10.00 per day and actual travelling expenses while discharging their duties as Commissioners. Meetings are held at least once every sixty days, and at any time upon call of the Chairman or of any three members.

The Governor appointed as Commissioners: A. L. Fletcher, Chairman; Dr. Harry D. Wolf, Professor of Economics at the University of North Carolina; Mrs. Frank L. Fuller, Jr., of Durham, civic leader; Cecil E. Cowan, Morganton, former Judge of the County Court; R. Dave Hall, Belmont, industrial leader and past Commander of North Carolina's Department of American Legion; C. A. Fink, Spencer, President of the State Federation of Labor; and T. Clarence Stone, of Stoneville, wholesale grocer and veteran member of North Carolina General Assembly. Commissioners Wolf, Cowan, and Fuller were appointed for four-year terms, and Commissioners Hall, Fink, and Stone for two-year terms. The new Commission assumed office on July 1, 1941.

The purpose of the Unemployment Compensation Law will become clearer if the functions which it authorizes are brought together. First of all, it provides for the accumulation of funds during periods of normal or of expanding business activity out of which benefits may later be paid to workers who become unemployed. The benefits paid to unemployed workers are paid as a matter of right. Unemployed workers are not required to show need in order to receive benefits. Thus, none of the stigma of poor relief attaches to unemployment compensation benefits.

In the second place, the Unemployment Compensation Law provides that an adequate system of public employment service offices be maintained in North Carolina. These employment offices are free, and their primary purpose is to assist workers in finding suitable jobs and to assist employers in finding suitable workers. Looking at these two phases together, the unemployment compensation program means that the State of North Carolina, through the Unemployment Compensation Commission, provides a system whereby every effort is made to find a job for workers when they become unemployed and whereby, if it is impossible to find them a job, those workers are paid benefits during their unemployment.

In the third place, the Unemployment Compensation Law requires that the Commission make every effort to promote the stabilization of employment in the State. It has been demonstrated already that the payment of benefits during periods of unemployment, by maintaining the purchasing power of those who are out of work, will tend to bolster business. Thus, one automatic effect of the payment of benefits is greater stability of employment. In addition to this automatic action, however, the Unemployment Compensation Law contains an experience rating provision, the purpose of which is to modify tax rates in accordance with employer experience with unemployment. This provision provides an incentive to employers to stabilize employment through permitting lower contribution rates for those who have little unemployment.*

To carry out its functions, the law authorizes the Commission to establish two coordinate divisions. One of these divisions was the Unemployment Compensation Division and the other was the North Carolina State Employment Service Division. This latter division had existed as the North Carolina State Employment Service in the State Department of Labor prior to the passage of the Unemployment Compensation Law, which transferred the State Employment Service to the Unemployment Compensation Commission.

On December 19, 1941, the President of the United States sent each of the State governors a telegram, requesting them to turn over the State Employment Services to the United States Employment Service for the duration of the war. This State, along with all others, complied with the President's request, and as of January 1, 1942 the Employment Service ceased to be a part of the Unemployment Compensation Commission. However, the Employment Service still performs certain functions for the Unemployment Compensation Commission, the most important of which is acting as claims taker in the various communities throughout North Carolina.

North Carolina is now passing through a period of expanding employment. Business activity in the State is at the highest levels ever attained; unemployment claims are the fewest known. However, there will always be an irreductible minimum of unemployment resulting from normal business failures, and normal labor turnover. In addition, considerable unemployment, mostly of short duration, was and will be produced by raw material shortages and conversion to war production.** The big job toward which the Unemployment Compensation Commission must now focus its attention, however, is the period which will follow the war effort. The unemployment compensation fund will accumulate at a slower pace as soon as employer experience rating takes effect in 1943, and it may be none too large for the unemployment problem that the Commission will meet at the end of the war.

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*See article, *Employer Experience Rating, infra*, p. 28.

**See article, *A Survey of Priorities Unemployment, infra*, p. 18.

Taxable "Employment" in Unemployment Compensation

By Ralph Moody, Chief Counsel, and W. D. Holoman, Senior Attorney

The general topic or subject of coverage under the Unemployment Compensation Law is a broad topic or subject and it embraces such a wide variety of questions that it will be impossible to elaborate, to any extent, within the scope of this article on the general topic of coverage.

An "employing unit" under the North Carolina act does not necessarily constitute an "employer", but an employing unit means any individual or type of organization, company, partnership, or corporation which has in its employ one or more individuals performing services for it within this state. All individuals performing services within this state for any employing unit which maintains two or more separate establishments within this state shall be deemed to be employed by a single employing unit for the purposes of this act. For an employing unit as defined by the act, to be or become an employer within the contemplation of the law, said employing unit, shall employ as many as eight or more individuals for as many as twenty different weeks within either the current or the preceding calendar year. These weeks do not have to be consecutive weeks and neither does the employment of the eight or more individuals have to be simultaneous. If in any week an employing unit has as many as eight individuals in its employ irrespective of whether they were employed simultaneously or not, then, that particular week is counted for the purposes of determining whether or not there have been or were as many as twenty different weeks within a calendar year in the contemplation of Sec. 19 (g) (1) of the Unemployment Compensation Law, which defines employer.

In determining whether or not a person or an individual is engaged in employment under the act several things must be taken into consideration: first of all, "employment" under the act means service, performed for remuneration or under any contract of hire, written or oral, express or implied.

"Wages" is defined as meaning all remuneration for services from whatever source. Wages include commissions, bonuses and the cash value of all remuneration in any medium other than cash. Therefore, under the law for a person to be engaged in employment he must be performing services for remuneration. If he is performing services and not receiving any remuneration of any nature for said services, then, with respect to tax liability, said person is not deemed to be in employment within the contemplation of the statute. Likewise if a person is receiving remuneration from an employing unit and is not rendering or performing any service or services for that employing unit, then, that person is not deemed to be in employment within the contemplation of the statute. It should be borne in mind, therefore, that for one to be in employment one shall be performing or shall have performed services for remuneration.

For the purposes of this discussion it is necessary that Sec. 19 (g) (6) (A), (B) and (C) of the Unemployment Compensation Law be quoted and we quote herewith below said section with its subheads:

> "19 (g) (6) Services performed by an individual for remuneration shall be deemed to be employment subject to this act unless and until it is shown to the satisfaction of the commission that:
>
> "(A) such individual has been and will continue to be free from control or direction over the performance of such services, both under his contract of service and in fact; and
>
> "(B) such service is either outside the usual course of the business for which such service is performed, or that such service is performed outside of all the places of business of the enterprise for which such service is performed; and
>
> "(C) such individual is customarily engaged in an independently established trade, occupation, profession, or business."

It will be seen from the above section that services performed for remuneration shall be deemed to be employment unless and until the Commission is satisfied that the conditions set out in subsections (A), (B) and (C) have been met. These provisions place the burden of proof upon the employing unit to establish the conditions set out in subsections (A), (B) and (C). It will be noted that these subdivisions or standards are written in the conjunctive and not in the disjunctive. The employing unit must prove the existence of all three of the above conditions and its case fails if any one of the above standards cannot be shown to the satisfaction of the Commission. The Supreme Court of North Carolina in commenting upon the above statute in the case of *Unemployment Compensation Commission* v. *Jefferson Standard Life Insurance Company,** stated as follows:

> "The burden of showing these matters of exemption is placed by statute on the defendant, for, since they are stated conjunctively, all three of these elements must be shown in order that exemption from the act be secured."

Excerpts could be quoted herewith from court opinions for practically all of the jurisdictions in the nation relative to this particular statute. However, the North Carolina Supreme Court has interpreted this section fully. It must be borne in mind in construing this section of the statute that any person performing services for remuneration is deemed to be in employment subject to the act until the provisions of subsections (A), (B) and (C) are proven to the satisfaction of the Commission. The Commission is the primary party to be satisfied in matters of fact with reference to factual elements contained in the test or statutory standards. This is not a new thought. If an employing unit does show these three things to the satisfaction of the Commission, then such person or persons who meet these requirements are not engaged in employment and are, therefore, not covered by the act.

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*215 N. C. 479, 485 (1939).

This section of the statute; namely, 19 (g) (6) (A), (B) and (C) which has been quoted above is the section of the statute by which the Commission determines the liability or nonliability of quite a few different types of employing units. For instance in the Jefferson Standard Life Insurance Company case the question before the court was whether or not certain agents of the company who were on a commission basis strictly, were engaged in employment within the contemplation of the law, and the court held that they were engaged in employment as the employing unit was not able to show to the satisfaction of the Commission that those persons who were in question met with the three requirements as set out above.

This brings us to the question of the scope of judicial review. Sec. 11 (m) of the act gives the Commission the power to determine the status of employing units and employers and also gives the Commission the power to make findings of fact and conclusions of law subject to review by the Judge of the Superior Court and by the Supreme Court. Sec. 19 (g) (6) (A), (B) and (C), as quoted heretofore, gives the standards which the Commission is to apply in measuring or determining whether certain types of services are exempt or not exempt under the law. The legislature gave this power to the Commission, an administrative body, and its findings of fact are conclusive if supported by competent evidence. If there is sufficient evidence upon which the Commission can base its findings of fact, then said findings of fact by the Commission are conclusive and it behooves the Court only to determine whether or not there was sufficient evidence upon which the Commission can base its findings. If the Commission has sufficient evidence upon which to base a determination, then, the Commission's decision should stand.

This is not a new doctrine but is one which is supported by precedent. It represents a proper statement as to the extent to which courts may review the determination of facts of administrative agencies. The United States Supreme Court has often expressed the view that it could not properly substitute its own judgment for that of an administrative body, and that where it could not be said that it was impossible for a fair-minded board to come to the result which it reached, the judgment of the administrative body would not be disturbed. The courts merely require that there be some reasonable basis or conclusion reached by an administrative tribunal in applying the valid statutory test to the evidence. Applying, therefore, the scope of judicial review to Sec. 19 (g) (6) (A), (B) and (C), it can be said that services performed by an individual for remuneration shall be deemed to be employment unless and until it is shown to the Commission's satisfaction that the provisions of subsections (A), (B) and (C) have been met, and if there is a sufficient amount of competent evidence upon which the Commission finds that the provisions of subsections (A), (B) and (C) have or have not been met then said findings of fact of the Commission and its conclusions of law cannot be disturbed by the courts.

This is an important section of the law as so many different types of employing units are affected and their liability or nonliability is determined thereby. If the full significance of this particular section of the law can be made clear, both these, as well as this Commission, will benefit.

It should be stated that the majority of the courts of last resort have held in substance that the statutory definition of employment and its accompanying standards of exclusion as contained in the (A), (B) and (C) clauses do not confine taxable employment to the relation of master and servant, or employer and employee. The statutory definition of employment and its rules of exclusion are not to be looked upon as rules for determining the difference between the master and servant relationship and independent contract, as if the choice must be confined to one or the other of these alternatives. These statutory definitions define and fix the boundary lines of "employment" or status with respect to which payroll taxes can be legally demanded. These statutory boundary lines will of course include the employer and employee relationship and also various other relationships not included in the restricted employer and employee status. As Paul said when he discussed the resurrection of the dead before Agrippa, "Why should it be though a thing incredible with you . . . ." There are no vested rights in common law relationships and the power of the General Assembly to broaden and to restrict common law concepts is recognized by all courts. As said by the Supreme Court of North Carolina in *Unemployment Compensation Commission* v. *Jefferson Standard Life Insurance Company*:*

> "The economic and social evil of unemployment in its broad sweep frequently disregards man-made geographic and political boundaries; perhaps it follows that former boundaries must be surrendered in seeking a remedy for such an evil. If new evils produce as counterforces, new ideas of control of these evils, and ideas are brought to us from the legislative forum, we must guard against falling victims to that suspicion which is born of the mere novelty of things."

The risk of unemployment arises from the dependency of an individual upon receipt of remuneration from the continuance of a relationship with the business of another. This risk of unemployment should not be decreased or increased by virtue of an employer's authority or lack of authority to control or supervise a particular detail of an individual's activity. These statements are not to be construed as a criticism of the legal rules applied in so-called tort cases or negligence cases. In cases of this type the issue is usually resolved upon the authority or control the employer exercised, or had a right to exercise, over the individual at a certain point or instant of time. Usually if control exists at the time of the happening of such injury, the existence of such control justifies a decision that the employer is liable. The absence of such control over the instrumentality or acts concerned justifies a decision that

*215 N. C. 479, 487 (1939).

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the employer is not liable. When the employer cannot be present to supervise every detail connected with the operation of a given instrumentality, then it is certainly proper for him to create a relationship that will relieve him of liability from injuries flowing from a negligent use of the instrumentality. No one has any quarrel with these rules when applied to their proper spheres or fields, but they do not belong to, nor are they standards for determining taxable employment under unemployment compensation laws.

Coverage under unemployment compensation laws cannot change from moment to moment, or in accordance with the choice of management to exercise control over some of its workers or to not exercise control over others. Unemployment compensation coverage is interested in the flow of time element in employment, and is not interested in what happens at a point of time or instant of time. In determining the meaning of "employment" under unemployment compensation statutes, the inquiry is directed towards the person or firm on whose behalf or for whose account the services are being performed.

Such inquiries are: "Are the services in question being performed as an integral part of the business of the employer?" "Whose business is this man promoting?" "His own?" "The business of his employer?" Under these circumstances, therefore, the coverage provisions of unemployment compensation laws are more concerned with an individual's economic status in his employer's organization. This has been very aptly stated by Mr. John C. Gall, Counsel for the National Association of Manufacturers, when he said:**

> "A payroll tax . . . is a tax imposed upon an economic relationship which has escaped legal definition. At common law the relationship of master and servant was marked out under the law of contract and tort. Well established delineations carried us into the law of principal and agent, or succeeded in creating a new relationship of independent contractor. Under modern statutory law the emphasis has shifted from contract to status, and delineation of the employer-employee relationship has been controlled by the impact of public policy represented in modern legislation. . . . It is obvious that under unemployment compensation laws these relationships must be even further defined to reflect the new social responsibilities imposed upon the employer."

**3 Law and Contemporary Problems 127 (1936).

The Federal Government pays all expenses for administering the North Carolina Unemployment Compensation Law, through the central agency of the Social Security Board. Appropriations for the work of the Board during the fiscal year 1942-43 were provided in the Labor-Federal Security Appropriations Act, 1943, signed by the President on July 2. With regard to unemployment compensation administration throughout the nation, including operation of employment office facilities and services essential to expediting the war program, the act has provided $79,650,000.

UNEMPLOYMENT COMPENSATION BENEFITS DENIED STRIKER

In two instances, one of which has just been settled, cases involving disqualifications for unemployment compensation benefits because of stoppage of work due to labor disputes have gone to the North Carolina courts. In each case, the decision of the North Carolina Unemployment Compensation Commission disqualifying workers from benefits was affirmed.

The second case, conducted by W. D. Holoman, attorney for the Commission, has just been tried in the August term of the Gastonia Superior Court when John C. Puett, an employee of the Gastonia Full Fashioned Hosiery Mill, lost his claim for unemployment compensation. Judge J. A. Rousseau, presiding, ruled on August 3, 1942 that the petitioner had been without employment because of stoppage of work due to a strike from which he might have benefited and instigated by a group of employees among whom he worked, and that under the Unemployment Compensation Law, compensation is thereby prohibited.

This case started back in 1941 when part of the Gastonia Full Fashioned Hosiery Mill was unionized and part was not. Because certain demands of the union were not met, a strike was called on September 22, 1941. The plant did not close down at this time, but production was curtailed 70 percent. On September 26, 1941, the plant closed.

The employees of the mill then filed for unemployment compensation. The case was tried before a claims deputy who denied benefits to all of the workers. The workers appealed. The case was then tried before the full Commission, and the Commission affirmed the decision of the claims deputy and also denied benefits. John C. Puett was the only worker who appealed further to the Superior Court, and his claim was disallowed this week. In his case, ample facts were introduced which showed that the difficulty arose out of a labor dispute, and the Unemployment Compensation Commission denied compensation to the employee according to law.

The first court case involving a labor dispute in which the Commission's decision was affirmed was the George J. Steelman et al, claimants, employees, and the Nebel Knitting Company, Inc., employer. This test case went to the Supreme Court in 1941 where the decision of the Commission was upheld.

The North Carolina Unemployment Compensation Law states in Section 5 (d) concerning labor disputes: "An individual shall be disqualified for benefits for any week with respect to which the Commission finds that his total or partial unemployment is due to a stoppage of work which exists because of a labor dispute at the factory, establishment, or other premises at which he is or was last employed, provided that this subsection shall not apply if it is shown to the satisfaction of the Commission that:

(1) He is not participating in or financing or

(Continued on Page 23)

Industrial Distribution of the North Carolina Labor Force, With Respect to Covered Employment [1]

By Silas F. Campbell, Senior Statistician

The release of 1940 census figures for North Carolina makes possible some study of the geographic and industrial distribution of its labor force. The three physiographic divisions of the State known as the Mountain Region, the Piedmont Plateau, and the Coastal Plain mark well defined changes in its industrial characteristics. Specialized agriculture, food, lumber, and fertilizer production predominate in the Coastal Plain; textiles, non-ferrous metals, furniture, machinery, and staple crops lead in the Piedmont Plateau; while mining, paper, leather, textiles, furniture, fruit, cattle, and dairy farming are most important in the Mountain Region.

Of a total population of 3,571,623 in 1940, 2,491,830, or 69.8 percent, were 14 years of age and over. Of these adults, however, only 1,333,773, representing 53.5 percent of the adults and 37.3 percent of the total population, were considered as a part of the labor force. Of the 1,158,064 remaining adults, 664,784 were engaged in house work, 236,058 were in school, 119,782 were reported as unable to work, 25,684 were in institutions, and 111,756 were unclassified.

DISTRIBUTION BY MAJOR INDUSTRY DIVISIONS

When the distribution of the labor force is shown in tabular form by regions, employment office areas, and counties, classified according to major industry divisions, it is noted that 158,580 are not accounted for by industrial classification. Of this number, 15,395 employed in interstate railroad transportation were purposely omitted in order to make the data usable for unemployment compensation analysis, since these workers are covered by the Railroad Unemployment Insurance Act and not by the North Carolina Unemployment Compensation Law. The remainder, 143,185, were presumably unemployed at the time. (87,152 were registered in local employment offices when the census was taken in April 1940.)

A fact that immediately stands out is that, despite the great strides the State has made in manufacture during recent years, agriculture still predominates as far as employment is concerned, 35.0 percent of the labor force being so employed, compared to 27.6 percent in manufacture. Agriculture, distribution, and service industries together accounted for 66.2 percent of the total labor force. This ratio fluctuates greatly in the three industrial divisions of the State, being 65.7 percent in the Mountain Region, 57.7 percent in the Piedmont Plateau, and 82.1 percent in the Coastal Plain. The lowest ratios of agricultural and service employment are found in the Burlington and Asheboro areas with 6.0 percent and 6.1 percent respectively. The highest ratios are found in the Greenville and Kinston areas with 89.8 percent and 88.3 percent, respectively. More than half of the labor force (56.7 percent) is within the boundaries of the Piedmont Plateau which also embraces 51.9 percent of the total population.

Of the total labor force, 35.0 percent is employed in agriculture, 10.6 percent in distribution, 20.6 percent in service industries, 27.6 percent in manufacture, 4.0 percent in construction, 2.0 percent in transportation (other than interstate railroad), communication, and public utilities, and 0.2 percent in mining. Significant possibilities of development are seen in the fact that, notwithstanding the pressing demand for many of the minerals of which the State has rich deposits, only 2,914 workers, or one-fifth of one percent of the labor force, are employed in mining.

GEOGRAPHIC DISTRIBUTION OF POPULATION, LABOR FORCE, AND COVERED WORKERS [2]

Another set of calculations has been made showing the total population, labor force, and number of workers covered under the Unemployment Compensation Law by regions, employment office areas, and counties, with ratio of labor force to population and ratio of covered workers to labor force. It is a significant fact that only 39.9 percent of the working population of the State is protected against unemployment, 30.9 percent in the Mountain Region, 49.6 percent in the more highly industrialized Piedmont Plateau, and 22.0 percent in the Coastal Plain.

Within each of the three industrial sections, the ratio fluctuates considerably among the various counties, indicating somewhat the extent of industrialization in each. In the Mountain Region the lowest ratio of covered employment is found in Madison county where two-thirds of the labor force is engaged in agriculture, and less than 2.0 percent of the total working population enjoys the benefit of unemployment compensation protection. Other counties in the area with less than 10.0 percent coverage are Ashe, 3.0 percent; Alleghany, 5.2 percent; Clay, 5.0 percent; Swain, 7.9 percent; Yancey, 8.0 percent; and Watauga, 8.4 percent. A striking contrast among these rural areas is found in Transylvania County, with a total labor force of 4,402, 26.0 percent of which is employed in agriculture and other non-subject activities; yet 58.2 percent of the labor force and 78.4 percent of those employed in eligible industries have the benefit of protection afforded by the Unemployment Compensation Law.

In the Piedmont Plateau the general average of covered employment is 49.6 percent, 24.3 percent

1. Copies of the additional statistical tables on which this article is based are available for distribution in mimeographed form.
2. Coverage figures are based on monthly reports of the average number of covered workers; they do not represent the total number of different workers who have established wage credits in covered employment. See *The Trend of U. C. C. Operations, infra*, at p. 11.

above the state average, and 60.5 percent higher than the Mountain Region, yet the coverage is less than 10.0 percent in the counties of Caswell with 1.7 percent, Stokes with 1.7 percent, Yadkin with 1.7 percent, Franklin with 8.6 percent, and Warren with 9.7 percent. The highest coverage in the State is found in Cabarrus County. It had a labor force as reported in 1940 of 27,685; yet for the last half of 1941, 30,050 workers in the county were protected by the Unemployment Compensation Law. This represented 8.5 percent more than the total labor force reported a year before, and reflects the rapid increase, not only of employment in manufacture, but also the rate of increase in the number of workers capable of gainful employment. This has resulted both from immigration of workers and in-plant training of learners, as well as vocational training in outside agencies.

It is particularly significant that, whereas, the manufacturing labor force in 1940 was reported in the census as 325,539, there were actually employed in manufacture, and covered by the Unemployment Compensation Law during the last half of 1941 a total of 364,544 workers, 12.0 percent more than the total visible supply a year earlier. (Table A.) The effect of the step-up in manufacture is especially apparent in textiles and apparel manufacture in which 196,301 workers were employed in 1940; whereas 238,598 covered workers in this group were reported to the Commission in 1941. It is apparent, therefore, that the actual number of workers employed in textiles increased by 21.5 percent within a year.

In the Coastal Plain, where 53.2 percent of the working population is employed in agriculture, and 82.1 percent in either agriculture, distribution, or service industries, only 22.0 percent have the benefit of unemployment compensation; and in 16 of the 40 counties[3], the coverage is less than 10.0 percent, and in four it is less than 1 percent.[4] The highest ratio of covered employment in this area, 55.7 percent, is found in New Hanover County, which now has the highest ratio of urban population of any county in the State. It is also of interest to note that 43 of the 100 counties have no urban population, that is no towns of 2,500 or more.

NEARLY TWO-THIRDS OF THE LABOR FORCE WITHOUT PROTECTION

Table A develops information as to the extent of unemployment compensation coverage in subject industries, and also total non-covered employment. While manufacture as a whole appears to be more than 100.0 percent covered, for reasons already stated, there are several branches of it in which coverage is incomplete because establishments employing fewer than eight workers are not subject to the law. Notable examples are lumber manufacture in which only 76.0 percent of those employed are covered, printing and publishing, 62.2 percent, chemicals, 78.6 percent, and iron and steel, 73.9 percent.

3. Bertie, Gates, Camden, Currituck, Dare, Hoke, Sampson, Duplin, Greene, Jones, Pamlico, Northampton, Hyde, Brunswick, and Pender.
4. Camden, Greene, Jones, and Hyde.

In industries other than manufacture the lack of coverage against unemployment is even more striking, the end result of which is that there are 178,548 workers employed in industries in which they would be entitled to unemployment compensation benefits but for the fact that the establishment has less than eight persons employed. There are 646,352 workers in the State engaged in types of activity which do not come under the provisions of the Law, and consequently, have no protection against unemployment, making a total of non-covered workers of 824,900, or 61.8 percent of the total labor force, in which are included 26,995 government workers.

INDUSTRIAL DISTRIBUTION BY SEX AND COLOR—URBAN STATUS

The industrial distribution of the labor force has been further classified by sex, color, and urban status. Urban population represents inhabitants of towns of 2,500 or more, which accounts for less than one-third of the state's labor force, and only 40.8 per-

(Continued on Page 23)

TABLE A.—INDUSTRIAL DISTRIBUTION OF N. C. LABOR FORCE (CENSUS OF 1940) AND OF COVERED WORKERS, JUNE 30, 1941 TO DECEMBER 1941.

Industry	Total Employment Census 1940 I	Percent of Total Employed II	Average Covered Workers 6-30-41 to 12-30-41 III	Percent of Coverage IV	Non-Covered Employment in Subject Industries V	Percent of Total Subject Non-Covered VI	Total Non-Covered Employment VII
Agriculture, Forestry and Fishing	409,050	33.8					409,050
Mining	2,914	.2	2,571	88.2	343	.2	343
Construction	46,971	3.9	27,692	59.0	19,279	10.8	19,279
Manufacturing (Total)	325,539	27.0	364,544				
Food	13,498		14,831	112.3			
Textiles	189,979		230,998	121.5			
Apparel	6,322		7,600				
Logging	6,142						
Saw and Planing Mills	27,452		25,532	76.0			
Furniture	24,383		26,718	109.6			
Paper	5,244		6,793	129.5			
Printing and Publishing	5,403		3,359	62.2			
Chemicals	9,184		7,219	78.6			
Leather	1,319		1,597	121.1			
Stone, Clay and Glass	4,250		4,721	111.1			
Iron and Steel	2,142		1,583	73.9			
Nonferrous Metals	1,430		1,357	94.9			
Machinery	2,933		2,708	92.3			
All Other	25,858		29,528	114.3			
Transportation, Communication and Utilities (Total)	41,123	3.4	19,724	*76.3	6,118	3.4	*6,118
Railroads	15,388		107				
Trucking	7,990		5,428	67.9	2,562	1.4	2,562
Other Transportation	5,799		1,854	32.0	3,945	2.2	3,945
Communication	4,525		,315	117.5			
Utilities	7,421		7,020	94.6	401	.2	401
Wholesale and Retail Trade (Total)	126,712	10.5	79,142	62.5	47,570	26.6	47,570
Wholesale	17,778		25,511	74.0			
Food and Dairy Products	25,155		6,273				
Eating and Drinking Places	12,963		2,971	22.9			
Motor Vehicles	19,744		8,047	40.8			
Other	51,072		36,340	71.2			
Finance, Insurance and Real Estate	15,416	1.3	11,005	71.4	4,411	2.5	4,411
Business and Repair Service	13,371	1.1	3,780	28.3	9,591	5.4	9,591
Personal Service (Domestic)	81,412	6.7					81,412
Personal Service (Hotels, Laundries)	34,021	2.8	13,924	40.9	20,097	11.3	20,097
Amusement and Recreation	5,717	.5	3,592	62.8	2,125	1.2	2,125
Professional Service	63,684	5.3	1,578	2.5	62,106	34.8	62,106
Government Service	26,995	2.2		.0			26,995
Miscellaneous	15,765	1.3	5,055				10,720
Total Employed	1,208,690	100.0	532,607	32.0	178,548	100.0	699,817
Total in Labor Force	1,333,773						
Not Accounted for	125,083						125,083
Total							824,900
Percent of Total Labor Force			39.9		13.4		61.8

*Excludes 15,281 R. R. employees covered by R. R. Retirement Act.

Notes on Operations

THE TREND OF U. C. C. OPERATIONS

The establishment of the Unemployment Compensation Commission in North Carolina contemplated the performance of two distinct, though interrelated, functions. Primarily, the Commission is concerned with paying weekly benefits to workers who have been insured against loss of their pay under the unemployment compensation program, when it is found that they are without work through no fault of their own. To that end the Commission is also charged with the collection from employers of the money which constitutes the unemployment compensation trust fund.

The number of workers protected by this program has increased since the beginning of unemployment compensation in this state, until today the total number who have established wage credits and might apply for benefits is well over 750,000. However, because of the tendency of many workers to come and go between covered and non-covered employment, the trend in the average number of covered workers from month to month is probably a more consistent index of the application of unemployment compensation to the state's labor force. This monthly average of workers covered by the law has risen from 452,112 in 1937 to 532,607 in 1941, or an increase of nearly a fifth.

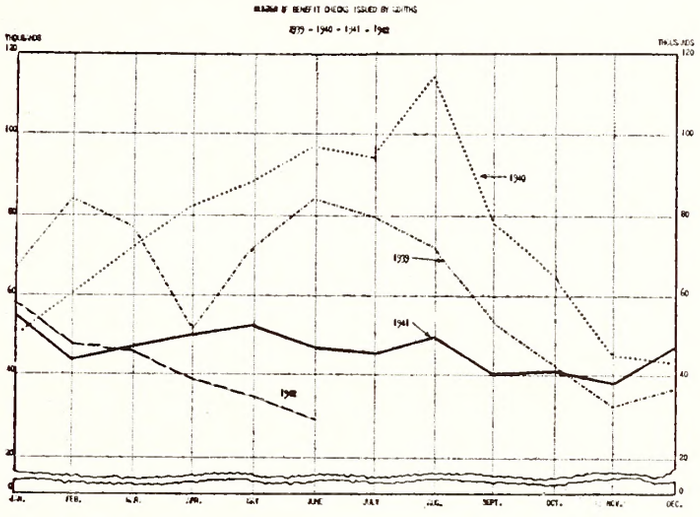
To those who are out of work, the Commission has been paying benefits since January, 1938. The payments are made only under certain conditions. Beside being unemployed, either totally or partially, in order to receive unemployment compensation payments, an individual worker has to be registered for work in an employment office, has to be both able and available for suitable work, and has to have earned at least $130 in wages in a previous calendar year from an employer who contributes to the unemployment compensation fund. The sums paid to workers meeting the requirements have fluctuated in response to economic conditions and to legislative changes in the authorized size of the weekly benefits.

For instance, on the basis of the original benefit formula, the average weekly payment was $7.25 for total unemployment in 1938. After the 1939 Legislature had reduced the scale, the average weekly amount paid fell below $5.00, and North Carolina in this respect then ranked lowest among the states in aid to its unemployed workers. But since the action of the 1941 Legislature in liberalizing the provisions of the benefit schedule, the average weekly payment in this State has been growing. In 1941 it came to $5.90, a gain of 26 percent over the 1940 figure, although still the lowest in the country. It has increased further in 1942, and is now becoming fairly well stabilized around the current figure of $7.40.

With regard to the extent of unemployment from time to time, the best measure among covered workers is the number of benefit checks issued from the Commission. On this basis, the accompanying chart graphically illustrates unemployment trends in North Carolina over the last three and a half years. It may be seen at once that June 1942, when the number of benefit checks issued each month dropped below any point to which it had previously fallen, marks the first time on record when so few covered workers have been out of work. Estimated on a weekly basis, this would mean less than 7,000 workers without jobs, and not as many as one in a hundred of those protected by the unemployment compensation program.

The significance of June 1942 benefit checks, which were actually 29,317 in number, becomes more apparent by comparison with the peak of 114,413 checks for August of 1940, or the average number of checks issued monthly from 1938 through 1941 which was 68,874.

NUMBER OF BENEFIT CHECKS ISSUED BY MONTHS
1939-1940-1941-1942



Sums paid to unemployed workers during the same period covered by the chart averaged $422,206.55 a month, but in June 1942, the shrinking number of checks withdrew only $214,521.19 from the fund.

Collection and administration of the unemployment compensation fund represent the other side of the commission's responsibility. A broad survey of operation to date shows that the fund has been steadily growing despite claim loads which occasionally have made extensive drains from it. How this general trend may be affected in the future by reduced payroll taxes under the plan of employer experience rating which is just beginning in this state remains to be seen.[1]

Between the passage by the North Carolina Legislature in December 1936 of the Unemployment Compensation Law, and January 1938 when unemployment benefits first became payable, payroll taxes and interest for two years yielded a fund of $9,361,765.99. This constituted the reserve with which the Commission began its administration of payments to workers who had lost their jobs.

It so happened that 1938 was a year of nation-wide business recession and the first claim loads the Com-

1. See article on *Employer Experience Rating*, *infra* p. 28.

mission had to face were heavy ones. While contributions to the fund continued regularly, for five months that year these amounted to less than the Commission was called upon to pay out in benefits, and for the three months of June, July, and August, it was necessary to dip into the initial reserve. However, this is the only occasion to date when such a situation has occurred. Economic conditions gradually improved, and by the end of 1938, the fund could show a net excess of contributions received during the year over benefit payments made, of $1,564,-691.74, or 19 percent.

Following years have added wider margins to the reserve. In 1939, contributions exceeded benefits paid by $6,752,428.71 and in 1940 the excess was $6,719,347.92; or 154 and 147 percent respectively. At the end of 1941 the fund had accumulated $1,103,334.43 for the protection of railroad workers specifically. This amount was then withdrawn and transferred from the Unemployment Compensation Commission to the Railroad Retirement Board, through which unemployment benefits to railroad employees are now administered. Nevertheless, during 1941 contributions continued to be greater than benefit payments by $8,528,014.22 or 243 percent, and now for the first six months of 1942, contributions received have been more than benefits paid by $6,900,133.41, or as much as 362 percent.

Another way of reviewing this picture is to look at the progressively decreasing ratios of benefits to contributions. For instance, in 1938, benefit payments absorbed 84 percent of contributions; in 1939, 39 percent; in 1940, 41 percent; in 1941, 29 percent; and for the first half of 1942, only 21.5 percent. From the beginning, benefit payments have averaged about a third of the sums the Commission has collected.

Thus, in the six and a half years since the law became effective, employers of this state have put into the unemployment compensation fund on behalf of their workers a total of $61,242,191.60, exclusive of the amount transferred to the Railroad Retirement Board. The unused reserve on deposit with the United States Treasury has accumulated interest amounting to $2,152,316.46. After deducting $22,591,468.45 for all benefits paid through June 1942, there remains a total of $40,803,039.61 against which workers in this state may draw in the future.

Yet such a reserve must be regarded as an indispensable bulwark against that day when post war readjustments may result in a higher benefit load than has yet been experienced. It is easily conceivable that unless a post-war economy is carefully planned, this entire reserve might be required to carry through a period when unemployment may be not only widely spread but long lasting.

TIME STUDY OF APPEALED CLAIM CASES

With the load of claims for benefit payments the lowest in its history, the Unemployment Compensation Commission, even with its own staff reduced by the withdrawal of personnel to military service, is making use of the opportunity to examine administrative procedures and make special analyses of operations. One such study by W. F. Renfrow and Zeb V. Gambill, Appeals Deputies, deals with the time involved in handling appeal cases.

Each individual worker protected by unemployment compensation is given a chance, when he files his claim for benefit payments, of expressing any dissatisfaction he may have with the handling of his particular case. The State program is designed to give special attention to workers who make such an appeal.

Since the time involved is an important factor in administration, and especially for the individual worker who has to do the waiting, the results of this recent analysis of cases on appeal is of consequence in that it shows that the average length of time between the date a record is received by an appeals deputy and the date the final decision is mailed is 20.9 days during a month with a normal case load. This is just under the three weeks which it is thought should be sufficient time allowance.

Of 172 cases mailed during the months of May and June, 112 were concerned with the issue of availability for work. These arose, in practically every instance, under Commission Decision No. 278, Section 4 (c), Able and Available: "A female claimant must have made some definite arrangements with some definite person to care for her children or perform other necessary domestic duties in the event claimant is offered suitable employment, and these arrangements must be made prior to the filing of claimant's claim for benefits in order to make claimant able and available for work within the meaning of the Law."

Issues involved in the cases studied were grouped as follows: in May there were 49 appeals on availability for work, 17 voluntary leaving work, 10 on misconduct, 5 on refusal of work, and 2 on antedating of claims; in June there were 63 on availability for work, 13 voluntary leaving work, 9 on refusal of work, and 4 on misconduct. As there were more appeal opinions to consider in June than any prior month, disposal of the cases required slightly more than the average time allowance.

Six claimants appealed from the deputies' decisions during May. The Commission in each instance affirmed the decision of the appeals deputy. Of 13 such appeals to the Commission in June, 12 have been settled with the deputies' decisions affirmed; one was reversed.

Before a worker is paid benefits, he is given a chance to accept or protest the statement, known as an initial determination of his claim. If he is dissatisfied with it and believes that it should be changed in his favor, he has the right to ask for an adjustment. This is his right of appeal. Or, if after a preliminary hearing by a claims deputy, he is notified that he has been disqualified for payments for certain weeks and does not believe the decision is just, he may also make an appeal. Appeals must be made within five days. Claimants make an appeal by applying to an appeals deputy for a hearing and decision. If claimant is still dissatisfied with this decision, he must file his second protest within ten days. This serves as a request for a review and redetermination of his case by the Commission. A further protest of appeal made within ten days from

a decision by the Commission, goes to the Superior Court. In connection with appeals, the Law also recognizes the right of other interested parties in a case, such as claimant's employers, to be represented and heard.

CLAIMANTS ANALYZED

The worker who remains without work today in North Carolina is most likely to be a woman, in her early thirties, formerly engaged in textile manufacturing. This is indicated by the findings from a special analysis of the unusually small number of claims being received for unemployment benefits by the Unemployment Compensation Commission.

Of the 3,146 initial claims filed during the two weeks ending June 30, 1942, it was also found that close to a fourth of them were for partial unemployment. In the recent past nowhere nearly such a large proportion of the claim load has been concerned with partial lay-offs.

Among the claimants filing for benefits during this period, 82 percent had been employed in the manufacturing industry, of which 2,570, or 69 percent were in the textile group. Almost three-fourths of all the claims were presented by women, and the median age reported was 32. More than 60 percent gave as the cause of separation, non-availability of work, while a very small number had had no work since filing previous claims.

Under the State law, benefit payments for partial unemployment are paid to covered workers when their working time within the plant where they are employed has been reduced below a certain minimum. For instance, if in any week due to lack of work, a man works at his job for less than 60 percent of the usual full-time hours for his industry or plant, and earns less than six-fifths of the amount he would be entitled to if totally unemployed, he becomes eligible for partial benefit payments. In dollars, these will equal the difference between the amount he would get if totally unemployed and five-sixths of the amount he earned in the part-time week.

COLLECTION OF OVERPAYMENTS

One of the Unemployment Compensation Commission's constant worries is how to prevent fraudulent claims and to recover money paid out on them. Although the amount in any one year is relatively small compared with the total value of benefits paid—it was less than a third of one percent in 1940—the Commission pursues the irregular claimants, usually through the courts, to the end that a considerable proportion of overpayments are eventually returned to the unemployment compensation fund. Because of the necessary time lag in effecting final settlements in many of the cases, figures which have been prepared to show the results of this work following the discovery of overpayments are based on occurrences in 1940. Due to claimants not reporting earnings while receiving unemployment benefits, there were 615 irregular claims on which $15,414.57 was paid out. Since then, investigations, followed by 203 cases prosecuted, have brought in a return of $4,406.23—or well over a quarter recovered.

INTERSTATE BENEFIT PAYMENTS

Fewer workers coming into North Carolina feel the pinch of unemployment than do those leaving the State. This is the picture revealed by figures compiled on interstate claims from 1940 to date, showing that North Carolina receives more claims from other states for unemployment insurance payments than it refers out of the State for jobless workers who have come here.

However, this picture is probably more suggestive than significant of North Carolina's favorable positions as regards its unemployment record, since the whole question of industrial migration, even in normal times, is a complicated one. In September, 1940, the Social Security Board estimated* the number of industrial workers crossing state lines each year for reason of employment at between one and two millions, adding that if it were possible to measure interstate movement for reasons of unemployment, the figure would be much higher. During 1940, North Carolina received 8,860 initial claims and 46,110 continued claims from other states for payment of unemployment insurance to workers on the basis of previous N. C. earnings; while referring to other states, 6,924 initial claims and 45,289 continued claims.

In 1941, when the effects of priorities unemployment due to lack of raw materials and conversion of plants were beginning to be felt, the Commission received 7,262 initial claims and 49,448 continued claims from outside North Carolina, and referred to other states only 5,543 initial claims and 31,903 continued claims—a substantial difference.

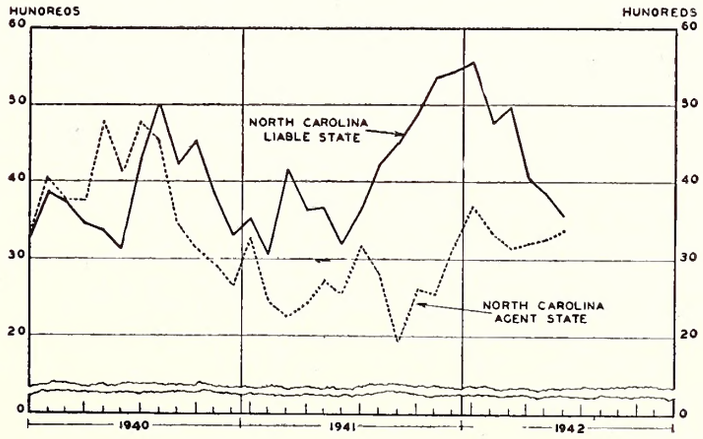
For the first half of 1942, while discussions were being heard as to the mobility of labor for war production, North Carolina has received 3,371 out-of-state initial claims and 26,849 continued claims, and has referred elsewhere but 3,158 initial and 20,044 continued claims.

The fact that the number of initial claims for reference out of state, which sometimes varies considerably from one month to the next, increased in

*_Migratory Labor_ (Sept. 1940) 3 SOCIAL SECURITY BULLETIN No. 9, at p. 6.

(Continued on Page 23)

INTERSTATE CONTINUED CLAIMS PAID OUT BY NORTH CAROLINA AND REFERRED TO OTHER STATES FOR PAYMENT BY MONTHS—1940-1941-1942



A Study of the Duration of Benefit Payments

BY BENTON BRAY, SENIOR STATISTICIAN

For the purpose of determining, if possible, the extent to which the duration provisions of North Carolina's benefit formula carry the number of authorized payments through periods of unemployment as experienced by workers in this State, the Bureau of Research and Statistics of the Unemployment Compensation Commission has studied a sample of 23,790 claimants whose benefit years ended in 1941. The cases chosen represented approximately one-fourth of all such claimants.

The most important finding from the sampling was that 41 percent of the claimants drew the maximum number of benefits allowable, that is compensation for the full 16 weeks. The average duration of payments was for ten weeks. While there were 29 percent of the claimant cases in which less than five weeks compensation was received, over half the claimants, or 56 percent, received ten or more weeks unemployment compensation.

Furthermore, almost three-fourths of those who exhausted their benefit rights did so in one spell of unemployment. This meant a time lapse of about eight months before they were eligible to file another claim in a benefit year. For instance, the time elapsing between the date of the last week compensated and the end of the benefit year, for the claimants exhausting their benefit rights, was five months or longer for 89 percent of the claimants.

Thus the indication seems clear that in spite of a labor market favoring the replacement of workers, a much higher proportion of the unemployed than might have been supposed, tend to remain out of work for considerable periods.

The study also revealed the tendency of claimants in the lower income brackets to draw unemployment compensation benefits longer than those eligible for larger weekly amounts. As an example: 48 percent of the claimants with weekly benefit amounts of less than $6.00 drew all 16 weeks compensation, as compared to a third of the group in the $6.00 to $10.00 bracket. Only 27 percent of the claimants in the $11.00 to $15.00 class exhausted their benefit rights.

Claimants with benefit years ending in 1941 had either 1938 or 1939, depending on which half of the year of 1940 the claim was filed, as their base period. Despite a local business index indicating business conditions as being better in 1939, the weekly benefit amount based on the 1939 base period was lower than on the base period of 1938. As the 1940-41 benefit year was under the reduced 1939 benefit formula of the Unemployment Compensation Law, these cases came at a time when the average weekly payment was between $5.00 and $5.50.

BENEFIT CLAIMS CLASSIFIED BY DURATION

Of the 23,790 benefit claims studied, less than half, or 43 percent, received all 16 weeks compensation and four percent were compensated for less than one full week, indicating either partial or part-total unemployment or deductions for other remuneration. The following table summarizes the duration of payments of the sample.

TABLE 1.—NUMBER OF WEEKS COMPENSATED.

Weeks Compensated	Number	Percent of Total	Cumulative Percent
Less than 1 week	996	4.2	4.2
1 week, less than 2 weeks	2,008	8.4	12.6
2 weeks, less than 3 weeks	1,481	6.2	18.8
3 weeks, less than 4 weeks	1,287	5.4	24.2
4 weeks, less than 5 weeks	1,019	4.3	28.5
5 weeks, less than 6 weeks	876	3.7	32.2
6 weeks, less than 7 weeks	790	3.3	35.5
7 weeks, less than 8 weeks	695	2.9	38.4
8 weeks, less than 9 weeks	669	2.8	41.2
9 weeks, less than 10 weeks	571	2.4	43.6
10 weeks, less than 11 weeks	602	2.5	46.1
11 weeks, less than 12 weeks	520	2.2	48.3
12 weeks, less than 13 weeks	480	2.0	50.3
13 weeks, less than 14 weeks	467	2.0	52.3
14 weeks, less than 15 weeks	525	2.2	54.5
15 weeks, less than 16 weeks	701	2.9	57.4
16 weeks	10,103	42.6	100.0
Total	23,103	100.0	

Whereas 43 percent of them received all 16 weeks, almost as many claimants, 41 percent, received fewer than nine weeks compensation. Based on the sample, the average duration of payments for claimants with benefit years ending in 1941 was ten weeks.

SPELLS OF UNEMPLOYMENT

If a claimant had only one period of unemployment, this indicated no interim spells of employment and was classified as one "spell" of unemployment. A spell of unemployment interrupted by work and then resumed as another spell of unemployment, was classified as two spells of unemployment. The following table reveals the various spells of unemployment for those claimants receiving compensation for eight weeks and more.

TABLE 2.—CLAIMANTS CLASSIFIED BY SPELLS OF UNEMPLOYMENT.

Weeks Compensated	Spells of Employment									
	Total		1		2		3		4	
	No.	Percent	No.	Percent	No.	Percent	No.	Percent	No.	Percent
16 weeks	10,103	100.0	7,349	72.8	2,243	22.2	436	4.3	75	0.7
14 weeks	525	100.0	328	62.6	143	27.2	27	5.1	27	5.1
12 weeks	480	100.0	298	62.2	121	25.2	40	8.3	21	4.3
10 weeks	602	100.0	397	65.9	143	23.8	39	6.5	23	3.8
8 weeks	669	100.0	455	68.0	164	24.5	30	4.5	20	3.0

It will be noted that those claimants receiving the maximum duration of payments, 16 weeks, had a slightly higher percentage of cases with no interim period of employment, 73 percent as compared to the next highest, 68 percent for claimants with eight weeks compensation. Claimants receiving 14 weeks compensation had the highest relative number of spells of unemployment; five percent had four or such spells. However, the lowest relative number of cases in this group, less than one percent, were those claimants receiving 16 weeks compensation.

TIME LAPSE—EXHAUSTED CLAIMS

In the sample of 23,790 claimants studied, there were 10,103 of them who drew all 16 weeks compensation. This majority, who exhausted their benefit rights during the benefit year, were further ex-

amined as to the time elapsing between the last benefit check and the end of the claimant's benefit year, to see how long he must wait, as far as unemployment compensation benefits are concerned, before again becoming eligible to receive benefit payments. Table 3 shows this time lapse for all claimants and by the size of weekly benefit amount.

TABLE 3.—TIME ELAPSING BETWEEN THE DATE OF LAST WEEK COMPENSATED AND END OF BENEFIT YEAR—MAXIMUM DURATION CASES.

Time Lapse	Total		Less than $6.00		$6–$10		$11–$15	
	No.	Per-cent	No.	Per-cent	No.	Per-cent	No.	Per cent
Total	10,103	100.0	7,474	100.0	2,253	100.0	376	100.0
Less than 2 months	277	2.7	205	2.7	62	2.7	10	2.7
2 months, less than 5	884	8.7	717	9.6	138	6.1	29	7.7
5 months, less than 8	1,593	15.9	1,256	16.8	270	12.1	67	17.8
8 months	7,349	72.7	5,296	70.9	1,783	79.1	270	71.8

It appears that 73 percent of all the claimants received the full 16 weeks compensation in four months, meaning there were eight months elapsing between the date of the last compensable week and the end of the benefit year. Only three percent of the claimants drew benefit payments over a period of as long as ten or more months. There were no great differences between the three groups tabulated as to weekly benefit amounts. In the less than $6.00 group, 71 percent had a time lapse of eight months; 79 percent had a time lapse of eight months in the $6.00 to $10.00 group; and 72 percent were in the $11.00 to $15.00 group.

Such a time lapse classification of less than eight months indicates either breaks in the period of total unemployment or partial employment. But, in three-fourths of the exhausted cases, once the claimant registered for work and established his right to unemployment compensation benefits, he continued to draw them for 16 weeks of total unemployment.

BENEFIT CLAIMS ACCORDING TO SIZE OF CHECKS

The claims studied in this sample were based on the benefit formula adopted by the State Legislature in February 1939. Certain fundamental features of this particular formula were: the base period for claims filed prior to July 1 was the next to last completed calendar year; for claims filed subsequent to July 1, the last completed calendar year; the minimum weekly benefit amount was $1.50; and the maximum weekly benefit amount was $15.00; the minimum base period wage for the $1.50 weekly benefit amount was $130.00, and for the $15.00 weekly benefit amount was $1,461.00.

The average weekly benefit amount of the sample was $5.42 as compared to a $5.31 average payment for total unemployment during the fourth quarter of 1939, to a $5.09 average payment for total unemployment in the third quarter of 1940, and to a $5.00 average payment for total unemployment in the first quarter of 1941. In March 1941, the benefit formula of the Unemployment Compensation Law was amended, and by the first quarter of 1942 the average payment for total unemployment had reached $7.20.

But in the sample study over half, 52 percent, of the claimants had weekly benefit amounts of less than $5.00. Only eight percent of the 23,790 cases had weekly benefit amounts of $10.00 or more, as may be seen in the following table.

TABLE 4.—DISTRIBUTION OF SAMPLE BY WEEKLY BENEFIT AMOUNT.

Benefit Amount	Number of Claimants	Percent of Total	Cumulative Percent
$ 1.00–$ 1.99	1,162	4.9	4.9
2.00– 2.99	4,989	20.9	25.8
3.00– 3.99	3,271	13.7	39.5
4.00– 4.99	2,856	12.0	51.5
5.00– 5.99	3,276	13.8	65.3
6.00– 6.99	2,425	10.2	75.5
7.00– 7.99	1,754	7.4	82.9
8.00– 8.99	1,267	5.3	88.2
9.00– 9.99	880	3.7	91.9
10.00– 10.99	512	2.2	94.1
11.00– 11.99	296	1.2	95.3
12.00– 12.99	214	.9	96.2
13.00– 13.99	180	.8	97.0
14.00– 14.99	124	.5	97.5
15.00	584	2.5	100.0
Total	23,790	100.0	

Table 5 below points out what Chart I illustrates—the tendency of the claimant drawing small weekly benefit checks to remain unemployed longer, at least draw more weeks compensation, than those with larger weekly benefits.

TABLE 5.—CLAIMS COMPENSATED CLASSIFIED BY DURATION OF PAYMENTS AND BY WEEKLY BENEFIT AMOUNT.

Weeks Compensated	Weekly Benefit Amount							
	Total		Less than $6.00		$6–$10		$11–$15	
	No.	Per-cent	No.	Per-cent	No.	Per-cent	No.	Per-cent
Total	23,790	100.0	15,554	100.0	6,838	100.0	1,398	100.0
Five weeks or less	7,667	32.2	4,002	25.7	2,976	43.5	689	49.3
6 to 10 weeks	3,327	14.0	2,235	14.4	901	13.1	191	13.6
11 to 15 weeks	2,693	11.3	1,843	11.8	708	10.4	142	10.2
16 weeks	10,103	42.5	7,474	48.1	2,253	33.0	376	26.9

Whereas 48 percent of the claimants with weekly benefit amounts of less than $6.00 drew the full 16 weeks compensation, one-third of the claimants with weekly benefit amounts of $6.00 to $10.99 drew 16 weeks, and only 27 percent of the claimants with weekly benefit amounts of $11.00 to $15.00 drew the limit, 16 weeks.

Chart II reveals the relative number of claimants receiving the maximum number of benefit payments as compared to all claimants by each weekly benefit amount class was in the $2.00 to $2.99 class. The smallest percentage, 23 percent, was in the $14.00 to $14.99 class.

Claims studied with benefit years ending between January 1 and June 30, 1941, had the base period 1938; and those claims with benefit years ending between July 1 and December 31, 1941, had the 1939 base period.

The following table compares the weekly benefit amounts of the two sets of claims.

TABLE 6.—COMPARISONS OF BASE PERIODS BY WEEKLY BENEFIT AMOUNTS.

Weekly Benefit Amount / Base Period	Number of Claims		Percent of Total		Cumulative Percent	
	1938	1939	1938	1939	1938	1939
Total	14,223	9,567	100.0	100.0		
$ 1.00–$ 1.99	611	551	4.3	5.8	4.3	5.8
2.00– 2.99	2,607	2,382	18.4	24.8	22.7	30.6
3.00– 3.99	1,910	1,361	13.4	14.2	36.1	44.8
4.00– 4.99	1,765	1,091	12.4	11.4	48.5	56.2
5.00– 5.99	1,987	1,289	14.0	13.5	62.5	69.7
6.00– 6.99	1,473	952	10.4	10.0	72.9	79.7
7.00– 7.99	1,126	628	7.9	6.6	80.8	86.3
8.00– 8.99	870	397	6.1	4.1	86.9	90.4
9.00– 9.99	617	263	4.3	2.7	91.2	93.1
10.00– 10.99	352	160	2.5	1.7	93.7	94.8
11.00– 11.99	188	108	1.3	1.1	95.0	95.9
12.00– 12.99	149	65	1.0	0.7	96.0	96.6
13.00– 13.99	108	72	0.8	0.8	96.8	97.4
14.00– 14.99	74	50	0.5	0.5	97.3	97.9
15.00	386	198	2.7	2.1	100.0	100.0

Despite various business indices indicating increased business activity in North Carolina in 1939, the weekly benefit amount for those cases based on 1939 business activity are not above, but rather slightly below 1938 weekly benefit amounts. There were 63 percent of all claimants with 1938 as the base period with weekly benefit amounts of less than $6.00, but 70 percent of the claims having 1939 as the base period had weekly benefit amounts of less than $6.00. Of those claims filed between July and December, thereby having the 1939 base period, only seven percent had weekly benefit amounts of $10.00 or more. There were nine percent of the claims having 1938 as the base period with weekly benefit amounts of $10.00 or more. The average size benefit payment for total unemployment based on 1938 wages was $5.65 as compared to an average of $5.09 based on 1939 wages.

A composite business index prepared in the Commission's Bureau of Research and Statistics[1], shows 95 for 1938, as compared to 111 for 1939. This index included such items as cotton consumption, active spindle hours, electric energy production, gasoline sales, bank debits, but the amount of tobacco processed was not included. North Carolina has each year many claims from seasonal tobacco processing workers in the low weekly benefit brackets. Possibly the samples were not sufficiently large to reach the direct effects of the up-turn in business in 1939.

INDUSTRIAL CLASSIFICATION

The claimants were studied again as to the industry of their last employer as shown on the notices of separation from the last covered employment. By far the largest number of claimants were formerly employed in the manufacturing industry division. Of the 23,790 cases studied, 17,873 belonged in this group. This was three-quarters of all the cases taken. The next largest number, 3,746, or 16 percent was in the trade division. Table 7 summarizes the basic data in this report.

1. See charts, *infra* p. 26.

TABLE 7.—CLAIMS FOR UNEMPLOYMENT COMPENSATION CLASSIFIED BY INDUSTRY AND BY PERCENTAGE DISTRIBUTION OF DURATION.

Industry	Total	5 weeks or less	6–10 weeks	11–15 weeks	16 weeks
Total	100.0	32.2	14.0	11.3	42.5
Mining	100.0	17.6	30.4	20.6	31.4
Construction	100.0	29.2	20.2	16.1	34.5
Manufacturing	100.0	37.4	14.2	10.9	37.5
Food	100.0	27.8	16.3	14.6	41.3
Tobacco	100.0	8.1	8.5	8.5	74.9
Textiles	100.0	42.0	14.4	10.4	33.2
Wearing Apparel	100.0	45.6	16.1	6.4	31.9
Basic Timber Products	100.0	31.7	20.8	13.2	34.2
Furniture	100.0	43.3	12.6	14.9	29.2
Other Products	100.0	29.4	17.1	16.5	37.0
Transportation, Comm. and Public Utilities	100.0	23.9	15.8	13.5	46.8
Trade, Wholesale and Retail	100.0	11.9	10.2	10.7	67.2
Finance, Insurance, and Real Estate	100.0	20.5	19.7	16.7	43.1
Service	100.0	15.7	11.8	13.4	56.7
Establishments, n.e.c.	100.0	12.5	37.5	12.5	37.5

By far the largest industry group in the manufacturing division was textiles, where 70 percent of the 17,873 claimants show manufacturing as their last employment. In fact, the 12,489 claimants showing textile work as their last employment represented 53 percent of all claimants studied.

According to industry division, the largest relative number—67 percent—of claimants that received the full 16 weeks were in trade. Service was second with 57 percent of the exhausted cases. The transportation, communications, and public utilities; and the finance, insurance, and real estate groups, followed with relatives of 47 percent and 43 percent respectively.

Within the manufacturing division, the tobacco group showed the largest percentage of exhaustions, nearly three-fourths. Ordinarily the tobacco industry experiences few unusual economic changes. However, the large number of tobacco-processing workers, usually Negro men and women, are classified under tobacco manufacturing and wholesale distribution. There is little or no seasonality in the work of a regular tobacco-products manufacturer, but the tobacco-processing workers are employed only during a few months of the calendar year to handle the tobacco crop as it is auctioned, redried, stemmed, and packed.

The fact that 42 percent of the textile employees received less than six weeks compensation testified to the increasing production of the cotton and hosiery mills of the state in the last part of 1940 and in 1941.

When the 23,790 claimants were examined as to their weekly benefit amount by industry divisions and by industry groups in the manufacturing division, they were grouped into three classes, less than $6.00; $6.00 to $10.50; and $11.00 to $15.00. For all claimants, 65 percent of the cases had weekly benefit amounts of less than $6.00. However, in the industry division of establishments, not elsewhere classified, 87 percent of claimants had benefit payments of under $6.00. This division is made up primarily of small loggers and saw mills. Only 16 cases were studied. In the trade division there were 84 percent of the claimants, and in construction, 71 percent of former employees, with weekly benefit amounts of less than $6.00. As would be normally

CHART 1.—A SAMPLE OF CLAIMS COMPENSATED DURING 1941 CLASSIFIED BY DURATION OF PAYMENTS AND BY WEEKLY BENEFIT AMOUNT.

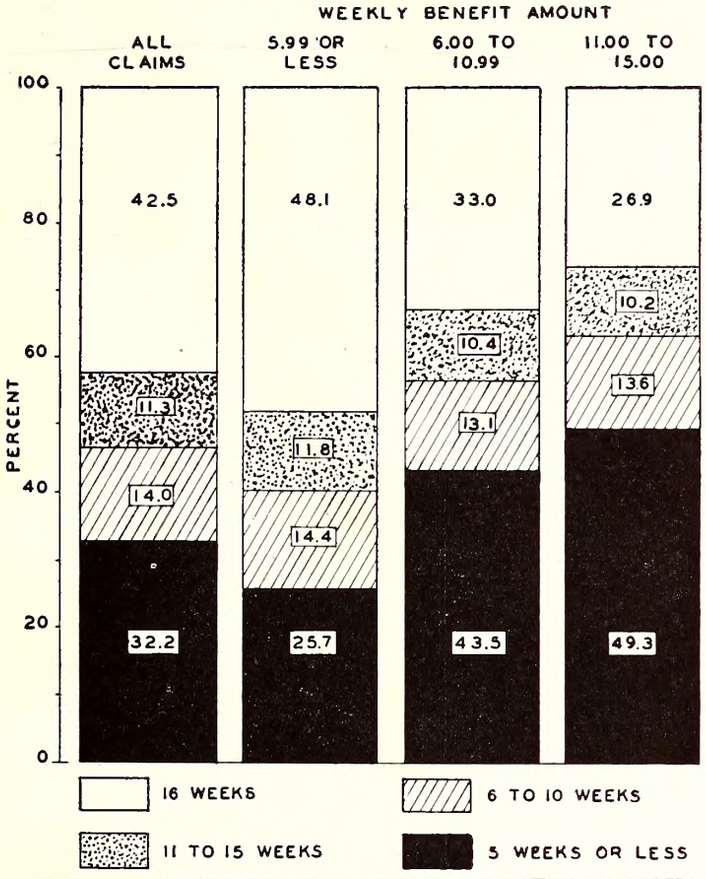
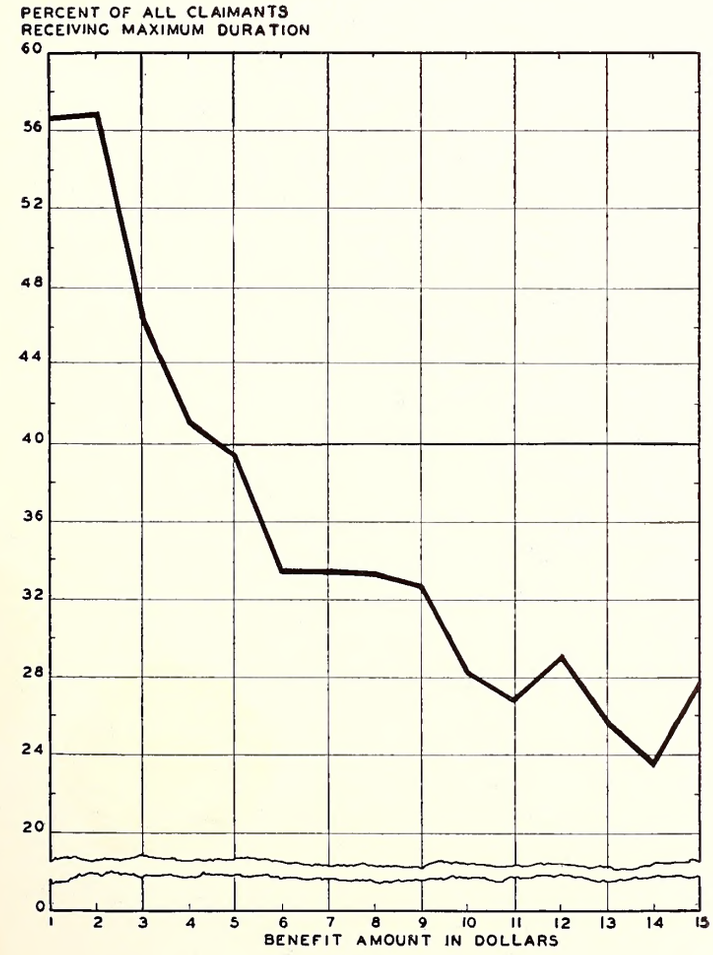


CHART 2.—A SAMPLE OF CLAIMANTS RECEIVING MAXIMUM DURATION OF PAYMENTS DURING 1941 CLASSIFIED BY WEEKLY BENEFIT AMOUNT.



expected, the smallest percentage, 49 percent, was in the finance, insurance, and real estate group.

TABLE 8.—CLAIMS FOR UNEMPLOYMENT COMPENSATION CLASSIFIED BY INDUSTRY AND BY PERCENTAGE DISTRIBUTION OF WEEKLY BENEFIT AMOUNT.

Industry	Weekly Benefit Amount			
	Total	Less than $6.00	$6.00 to $10.50	$11.00 to $15.00
Total	100.0	65.4	28.7	5.9
Mining	100.0	63.7	30.4	5.9
Construction	100.0	70.9	19.8	9.3
Manufacturing	100.0	61.2	32.9	5.9
Food	100.0	63.4	27.8	8.8
Tobacco	100.0	76.3	21.7	2.0
Textiles	100.0	57.1	36.4	6.5
Wearing Apparel	100.0	78.1	20.5	1.4
Basic Timber Products	100.0	77.4	18.3	4.3
Furniture	100.0	61.0	34.1	4.9
Other Products	100.0	65.2	27.0	7.8
Transportation, Comm. and Public Utilities	100.0	60.4	31.9	7.7
Trade, Wholesale and Retail	100.0	83.8	12.4	3.8
Finance, Insurance, and Real Estate	100.0	49.2	23.5	27.3
Service	100.0	72.0	21.1	6.9
Establishments, n.e.c.	100.0	87.4	6.3	6.3

As shown here 27 percent of claimants in the finance, insurance, and real estate division received $11.00 or more per week for total unemployment, whereas only four percent of the claimants in the trade division received benefits in this higher weekly benefit amount bracket.

In manufacturing, where 61 percent of the claimants had weekly benefit amounts of under $6.00, the smallest relative number of claimants, 57 percent, were the former textile workers. From the wearing apparel group of industries comes the highest percentage, 78 percent, of claimants in the lower weekly benefit amount class. Tobacco processing workers were evidently among the tobacco group which had 76 percent of claimants in the less than $6.00 bracket and only two percent in the $11.00 to $15.00 bracket.

There are now over 400 Advisory Council members for the central and local offices of the United States Employment Service in North Carolina.

Two-thirds of the personnel of the central Raleigh office of the N. C. Unemployment Compensation Commission are women. This is is an increase of ten percent over the proportion of the Commission's women workers two years ago.

From New Jersey's Director of Unemployment Compensation—"I am not shedding tears in advance of the occasion for them, but we must grant that the source of our present flood of employment is the war, and that when the war ends, millions of jobs will end with it. So far as we can make ourselves heard over the joybells of overstuffed payrolls, we cannot let the nation forget that this cannot last forever. So far as it is possible for us to do so, we must make ready for the coming let-down. It may be that we can contribute to the formation of plans which will be preparation for the end of war employment—some ready shock-absorber to cushion the economic blows of demobilization in the field and in the factory."

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Survey of Priorities Unemployment in North Carolina

At the present time with the State's industries already geared to war production and with fewer workers without jobs than ever before, a study of priorities unemployment in North Carolina may be somewhat academic. Yet the story is well worth recording as an example of the resourcefulness of this State's employers in converting their plants—programs, machinery, operations, products and all—so quickly and smoothly that dislocations among the working forces never developed to the serious extent that was expected.

Relatively few plants were forced to close entirely, or for long. Change-overs were accomplished with scarcely noticeable disruptions. No unemployment compensation claims-taker was ever dramatically faced of a morning with a pile of thousands of applications for benefits heaped on his desk overnight. Nevertheless, what has actually taken place in this State with regard to meeting the hazard of priorities unemployment, together with the migration of individual workers and their reabsorption by industry, is of greater significance than anything which has so far met the eye or ear.

Back in 1941 when it became apparent that shortages of raw materials might seriously affect the operation of certain North Carolina industries, as for instance the lack of silk used in the manufacture of hosiery, official concern over the fate of mill workers involved caused the Unemployment Compensation Commission to undertake a survey of the extent of priorities unemployment here, by means of a close study of the situation in some of the important industrial centers where it was likely to be felt most severely. Investigations proceeded through the early months of this year, and while much of the material considered was of a confidential nature, conclusions to be drawn from the individual surveys, coupled with other information which has come to light, form the basis for this discussion. If the known experience in two or three places is used by way of illustration, it must be remembered that the situation in others throughout the State must have been similar, to have resulted in the present low level of unemployment evidenced by the current number of benefit checks being issued by the Commission.

However, certain dislocations which do not appear in the over-all picture of employment and unemployment, must not be overlooked, since the effect on special classes of business and the individuals connected with them has been severe. If quantitatively such situations have not been large enough to disturb the general level of unemployment, qualitatively, the upheaval in the working lives of the persons concerned has undoubtedly been catastrophic. Such dislocations are reflected in the Commission's records, not by the number of benefit payments, but by the reports on employers who have ceased operations. For instance, it is significant that during three recent months, the 183 covered employers going out of business have included 39 in the industrial classification of local building contractors and such as deal with "frozen" building materials; 29 saw mill operators squeezed out between ceiling prices and rising labor costs; 19 automobile dealers, including garages and supply and repair shops; 19 wholesale jobbers, chiefly bulk oil companies; 13 manufacturers of textile specialties, including hosiery; 9 retail stores handling groceries, hardware, electrical appliances, etc.; 8 hotels and restaurants, presumably in inaccessible locations.

Many plants, rather than laying off employees, temporarily reduced working time as their usual production was curtailed. During the first half of this year, while unemployment was decreasing, the Commission has compensated for a higher proportion of weeks of partial unemployment, out of work weeks lost, than it was called upon to do for the same period in 1941.

When the survey was made, it indicated that reduced supplies and orders in the hands of manufacturers would in many cases carry them for only a few weeks. Plants in the textile and wooden furniture industries particularly, were planning future operations on a much restricted basis, looking ahead only from one month to the next, or even from week to week. But shutdowns that might have been expected never quite developed. The storm clouds of unemployment overshadowing many workers, for the most part blew over and away.

The reasons are various and difficult to trace in detail. On the one hand, were the energetic efforts of employers to mobilize their resources toward meeting military requirements and satisfying only a minimum of civilian needs. On the other, has been a considerable amount of migration among workers away from threatened industries, and their infiltration into different fields of activity.[1] While it is known that many personnel shifts occurred, between plants and places both within and without the State, the migration of workers has been largely the sum of voluntary individual movements, rather than mass turn-overs.

Many men workers have been withdrawn to the armed forces; especially from the hosiery mills where the age level more nearly coincided with service specifications, and from the wooden furniture industry as well. For instance, one large furniture factory has recorded that one man out of every twelve workers had been called to military duty. Many more have left their usual work for employment in war industries in other states, or to take up work on military construction projects in North Carolina. Working wives departed to follow husbands. Secretaries and clerks went to Washington. Thus many plants have had their working force automatically pruned without the necessity of lay offs; and as small orders and shipments of materials continued to be received were able to maintain some operations along with conversion.

1. See Bray, *Analyzing the State's Labor Supply and Demand*, *infra* p. 22.

Surprisingly enough, as time went on, some plants which expected severe priorities unemployment, have been in the position of seeking additional help as often as of letting it go.

While the war effort promised to disrupt the State's economy and has upset certain types of commercial enterprise dealing with articles subject to emergency regulations, at the same time it brought new business to North Carolina into which many of the workers have been absorbed who might otherwise have remained unemployed. There are shell-loading plants, an airplane factory, and expanding ship-building enterprises on the seacoast which currently keep over 20,000 local workers busy. Military installations such as the large army camps, marine barracks, aviation training centers, and supply depots, have also claimed many workers formerly connected with the State's industries. As one project nears completion, they move on to others still under way or just breaking ground. Furthermore, with more soldiers and marines training in North Carolina than in any other Southern state, workers in trade in the communities adjacent to the military centers have plenty to do.[2]

Meanwhile, the great tobacco processing factories continue to thrive, despite restrictions on the uses of certain materials. The making of Ecustia cigarette paper has become one of the State's most flourishing and vital industries. Wooden furniture plants which expected to be more adversely affected by war than they have been still keep most of their employees occupied producing desks, cabinets, files and other equipment formerly made of metal. Although some small specialty mills have been hard hit, their workers have found employment elsewhere. The textile mills able to produce material for the Army and Navy have gained sufficient orders to keep them running at full capacity in spite of necessary alterations and the retraining of employees.

So far, however, nothing has been found that a hosiery mill can do except make ladies' stockings. And North Carolina's extensive hosiery mills remain largely unconverted as to product, although they have had to change over most of their machinery to accommodate different types of thread.[3] During the last year, the industry experienced a series of major operations, as silk, nylon, rayon, vital chemicals and dye stuffs, packaging materials, cellophane, styles and colors, and new machinery all underwent various degrees of curtailment or elimination.

Yet Taylor R. Durham, Secretary of the Southern Hosiery Association, speaking from Charlotte, has recently told[4] how the draft and war work solved the unemployment problem which was facing 35,000 to 40,000 hosiery operatives, since today virtually all of those laid off are now occupied.

This industry which once used 30,000,000 pounds of silk annually, was left with only such supplies as were on hand when the embargo on raw silk went into effect last July. Consequently, full-fashioned and seamless hose manufacturers began conserving available silk and nylon by using substitute materials for the tops and feet of stockings. Then producers of nylon notified the industry in February not to expect further regular shipments as their output was needed by the Government. But little by little, the industry received increased allotments of rayon yarn and at present receives some 17 percent of the Nation's production, after all government orders are filled and four percent reserved for export. By adding an extra twist to the rayon, a new sheer has been developed which looks almost as well as silk or nylon when worn. Present rayon supplies are far below average, however, and most cotton is unsuited for the industry's precision machinery, which requires a very fine strong thread of the type made from scarce long-staple cotton.

As a result of conversion from silk to nylon, to improved rayon in ever-diminishing quantities, today the southern industry, which used to employ 100,000 workers, operates at less than 60 percent of capacity and still seeks some sort of war assembly work for its unused floor space.

Unemployed hosiery workers in the northeast were readily absorbed by war plants, but in the more agricultural south, there was little work at first to which these skilled hands could be turned, though experienced women hosiery operatives were taken into cotton textile plants as war orders increased their operations. Other workers, not called up by the draft, have gone elsewhere. In fact, some of the hosiery mills have been faced with an employment problem of their own, since highly-skilled knitters who are apt at learning mechanics left them in large numbers to take better-paying war jobs. Vacancies have had to be filled from among the less experienced operators previously released.

From the cotton textile manufacturing group come two other specific illustrations of conversion and its effect on the employment of workers. Some time ago, a manufacturer of specialized cotton goods, one of the largest employers covered by the unemployment compensation program, reported how the remaking of his looms for the production of bagging, cartridge belt yarn, and osnaburgs, was expected to result in further restricted employment. Over 20 percent of his looms were being made over at that time and many other textile plants were engaged in the same type of conversion, each of them working with only a certain amount of yardage. All towel, flannel, and sheeting looms were subject to conversion order, and these, after being changed over to bagging, must be operated continuously for three shifts. Since labor requirements for the manufacture of coarser and heavier goods are not so great as for the finished consumer products previously made, and since less than a fourth of the usual number of workers would be required on Christmas packaging this year, it was feared that working hours would have to be cut for many more

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2. From Office of War Information. See Raleigh Times, July 20, 1942.
3. See article by O. F. Smetana, of Concord, N. C., *Changing Over From Silk To High Twist Rayon* (June 1942) 6 SOUTHERN KNITTER 8.
4. A. P. press release, July 12, 1942.

of his women employees engaged in such finishing processes as the mill no longer needed.

Large groups of his employees could have been affected adversely by the impact of war on his normal production; nevertheless this employer's success in keeping most of his workers at work is clearly shown by the relatively few claims for unemployment benefits referred by them to the Commission. Of all his workers, less than four percent have suffered from unemployment and registered claims for benefits since the first of the year. Practically all of these have been claims for partial, rather than for total unemployment. Furthermore, the cases have been spread out over the months, and the claim load has been decreasing since January and February. By careful management, including a system of in-plant training for loom fixers to meet the emergency and by the transfer of some workers to other departments or other plants, this employer has been able to avoid the development of any drastic situation among his working force. In the face of necessary conversion and limited supplies, the lay offs from his plant have been negligible and reduced working time has had to be made effective for a very small proportion of the workers.

Perhaps less significant in the number of persons concerned, but more impressive with respect to the speed and completeness of conversion within one factory, is the story which comes out of Roxboro. In this town, the Collins and Aikman Corporation employed well over half of all the covered workers in Person County. They made pile fabrics and velours, spending four-fifths of their time over the past ten years producing plush for automobile upholstery. With the end of automobile production, all orders for automobile fabric were cancelled. The plant had 224 highly specialized looms of the dipper, overhead, and pick style, which had been built by the company to meet their own special weaving problems. For this reason and because of the highly experienced skills developed among the workers, it was thought that the company could not compete on the open market for the manufacture of ordinary woven goods in demand, such as tent ducking, serge, and worsted shirting.

During the week of September 6, 1941, a full quota of 1,595 employees were busily at work in the plant. Then as loom after loom had to cease running, workers were laid off. By the middle of January only 982 were still reporting and more than half of these were expecting their employment to end within a few weeks. As many as 40 percent of the workers had been released during the fall months, the majority of them married and carrying an average share of dependency. Roxboro became a sad place with so many of its inhabitants facing desolation. The Collins and Aikman Corporation looked like a typical civilian war casualty, and a hopeless case.[5]

Officials of the company, however, felt that war's disruptions offered them two alternatives, not one. They could try to save the situation before giving it up for lost, and the problem was put up to the engineering crew. Could they possibly remake those looms to turn out tent duck and serge? Competitors told them it could not be done, but the Corporation determined to try anyway, even though it meant retraining operators as well as rebuilding machinery. So the plant's machinists studied manufacturing processes in other mills and set about converting the Roxboro equipment to new uses.

The plant's first order was for only 20,000 yards of duck on a sub-contract. Then came another 50,000 yard order, and they delivered. Although some of the early runs produced imperfect material that was rejected by our War Department, the Russian purchasing agent bought it up. By the middle of February, the Corporation had 48 of its looms that had been condemned to idleness weaving serge, and 160 more turning out tent duck. Since then, all 224 looms have been put into operation making material for the armed forces—a proud ending to another priorities unemployment problem.

The future may, and likely will, bring dislocations which will produce unemployment. Judging by past experience, however, the ingenuity of North Carolina industry may be expected to keep abreast of any developments that lie ahead.

5. See Roxboro Times, February 19, 1942.

LIABILITY OF OIL DISTRIBUTOR

Whether or not certain employees of filling stations and those of a central bulk plant controlling them may be protected by the unemployment insurance program of North Carolina is the issue involved in the case of *In re: W. T. Green, T/A The Green Oil Company* settled out of court recently by U. C. C. attorneys. The settlement by which the bulk plant operator is held liable for taxes on leased station payrolls may affect the future welfare of a considerable number of workers.

In this case which was scheduled to come for trial before Judge Clawson L. Williams of the Superior Court, a distributor which previously contributed to the Unemployment Compensation Fund on behalf of employees in its bulk plant and local filling stations recently had refused to do so, claiming that having leased out some of the stations it no longer came within the terms of the U. C. Law, because the central bulk plant and a single station which it retained operated with fewer than eight workers. However, the Unemployment Compensation Commission has maintained that any such plant or employer controlling a number of local stations or leased branches must be considered as employing the workers in those branch units as well and therefore be subject to the state law. The final settlement made follows the Commission's opinion rendered after an earlier hearing.

Canada's Unemployment Insurance has been making a direct contribution to the war effort by investing its fund, at the rate of about a million dollars a week, in Victory Loans and similar Government bonds.

The Mica Industry in North Carolina

In view of the present widespread interest in North Carolina mica, a picture of one of this industry's plants has been chosen as the cover feature for this issue of the *Quarterly*. An additional word about the industry as a whole in this State is therefore timely.

For the last 25 years, 75 percent of the world's supply of mica has come from India. Due to recent events in the Pacific which have deprived the United States of that source of supply and to the increasing demand for sheet mica of high quality for radios, spark plugs, transformers and generators, the strategic position of mica in the United States has become quite pronounced. In view of the fact that North Carolina has produced 60 percent of the domestic sheet mica of the United States, for 25 years, the importance of the State in the war effort, in this respect, is quite apparent.

It is generally believed that the quality of domestic mica is equal to that of the imported variety.* Apparently there is no geologic or mineralogic reason why domestic mica should be of inferior quality. The main reason for the failure to develop the mica industry in the United States has been given as the inability to compete with foreign labor costs.

The mica producing areas of North Carolina may be grouped in three major fields. Two of these lie close to the Blue Ridge Range, while the third is southeast of the mountains in the foothills and Piedmont area. In the southwestern part of the State, the mica mines in Macon, Jackson and Haywood counties constitute one field. Eighty miles to the northeast, paralleling the trend of the mountains, there is another mica producing area, in the counties of Yancey, Mitchell and Avery. This field really extends northeastward, into Watauga and Ashe counties, where numerous dikes of economic value occur. The Piedmont field is confined principally to parts of Rutherford, Cleveland, and Lincoln counties. Regarding each of the three fields designated, it should be said that there are many commercial occurrences of mica outside of the counties mentioned above. In fact 20 counties in the State have reported a production of mica during recent years.

Its unique combination of physical properties make mica so exceptionally well adapted for certain uses that it is practically indispensable, while for others it is employed simply because it is at the same time the best and cheapest available material, although others may be substituted. The chief uses for mica center around its high insulating and dielectric properties, inertness to high temperatures, low heat conductivity, flexibility, cleavage toughness, and transparency. While there are some places where it is used for its mechanical properties alone, probably 90 percent of the modern uses of sheet and punch mica are in the electrical industry; as an insulator against high voltages, especially at high temperatures, there has been no known substitute for mica.

The purely mechanical uses include lamp chimneys and shades, windows or peep-holes in ovens, furnaces, stoves and stereopticons, eye protectors, gas masks, and other similar uses where transparency is required in combination with resistance to heat and shock. Mica diaphragms have been used in phonograph reproducers and telephone headsets, but these are now usually of metal. The major electrical uses require flat insulation in a wide variety of shapes and sizes, both as straight insulation, such as separators for commutator bars, discs, washers, and bushings, and as a form on which to wind heating elements of irons, toasters, and numerous other items of domestic and industrial heating equipment. The small shapes are made from punch mica, and the larger ones from sheet.

Former insulation may be made from sheets if the shape is not too large or complicated and the cost is justified, but a large proportion of the special shapes, such as plates, tubes, rods, cones and large bushings, are formed by cementing splittings together under pressure, making a product known as micanite. In this way all sorts of complicated shapes may be formed, with results not greatly inferior to sheet mica, and at a much reduced cost. Another important electrical use of mica, of a slightly different character, is as a separator between the leaves of an electrical condenser; this requires an exceptionally high quality of mica, absolutely without flaws, but makes a condenser with better characteristics than any other dielectric. The development of the radio and of the internal combustion engine for the automobile and airplane have made an enormous increase in the demand for condensers. High grade mica is also used as a support for the elements in certain types of radio tubes.

There are no specific military uses for mica, but war demand greatly increases the ordinary electrical uses; many military requirements are identical with specific industrial requirements, as for example, radio sending and receiving sets, airplane spark plugs, motors and generators. The Army and Navy carry large stocks of mica of both the natural sheet and the micanite type, in addition to hundreds of cut-to-shape parts, all furnished to them under very strict specifications.

Because of the acute need of mica by the Army and Navy, the government is furnishing a large amount of equipment for the mining of mica in this State. Mines located in Buncombe, Avery, Mitchell, Yancey, Transylvania, Cleveland, and Stokes counties have applied for government equipment and expect to begin work at an early date. As soon as this equipment can be distributed there will be a need for a large number of workers. It is necessary for a mica worker to be 18 years old or more, to pass a

(Continued on Page 31)

*For detailed analysis of North Carolina mica, see T. G. Murdock, *Production of Mica in North Carolina*, N. C. Dept. of Conservation and Development Bulletin, I. C. 2 (March, 1942).

Analyzing the State's Labor Supply and Demand

By Benton Bray, Senior Statistician, U. S. E. S.

Due to the present war conditions, there naturally arise daily in the minds of the citizens of this State very definite questions as to our State's supply and demand of labor. Is there now any unemployment? If so, why and where does it exist? Are women being hired today? Are there more Negroes in manufacturing industries than before Pearl Harbor? What are the demands for special skills in this State? Is our Employment Service functioning to the fullest extent? Are persons being trained to go into defense jobs? These are only a few of the many questions the public and the administrators of the Unemployment Compensation Commission and the Employment Service, face daily. In order to attempt some satisfactory answers for such questions the Reports and Analysis Section, which is part of the Planning Division of the United States Employment Service for North Carolina, has set up definite ways of attempting to answer the pertinent labor supply questions of North Carolina.

Realizing the employment offices are near North Carolina's industry and that these offices are spread over the entire State, the managers of these offices have been designated as the agents to gather most of the labor supply data that are secured. After the local offices have reported the various economic conditions in their areas to the central office in Raleigh, the central office, in turn, summarizes the State's labor conditions for state, regional, and national administrative levels. Weekly, monthly, or bi-monthly the local offices render to the central Raleigh office reports having to do with almost every type and phase of North Carolina's industries, occupations, and training facilities. The various local offices have standardized reports for rendering the data, but in turn the reports are so devised as to allow the managers plenty of freedom for economic interpretation of their areas.

Each week the central office receives from those areas in the State that have agricultural labor problems or that foresee immediate agricultural labor problems detailed reports on the expected farm crop activities, the anticipated peak activity dates, the anticipated labor needs, the present labor supply, and other pertinent information relative to the farm wage scale, to transportation, and to housing facilities. With this information, the Reports and Analysis Section prepares weekly a farm-labor activity report showing state-wide farm activities, areas of labor shortages, and labor surpluses, as well as future anticipated labor needs. At the beginning of every week, the local offices report to Raleigh any confidential data applying to the areas that might be of interest and of use to the other managers of the State in facilitating the servicing of employers, especially those with war contracts, and the farm placement program. The data received are summarized in a short confidential letter and mailed to each manager for his individual use. This type of report gives each manager a better insight into why certain clearance has not been made or when a large project will get under way. Such "inside facts" aid the local office managers at a distance from the project in recruiting for the labor demand.

No local office can hope to function effectively without a keen and comprehensive economic picture of the area that is being served. The managers are able to crystalize their economic thinking each month as well as present to the State Employment Service a composite economic picture of the area by preparing comprehensive labor market reports of their areas. These reports are made up into two sections. Section A deals generally with the area. Such items as these are included in Section A: decreases in employment during the month by firm name, types of industry, number of people laid off, occupational skills of those laid off, and the reason for lay off. The offices also show in Section A the type and amount of training in defense courses, the migration out of the area and into the area relative to actual number and points of destination and origin. Section A also shows any unusual changes that have taken place in the local office area that will aid those interested, outside of the immediate area, in interpreting labor problems. Section B of the monthly labor market report deals specifically with the various important industries that are located within the office area. For example, the Greensboro Office reports on the hosiery industry, the cotton goods industry, and the iron and steel industry. For each of these important Greensboro industries such items are discussed as: (a) the relationship of supply and demand; (b) the employer labor specifications; (c) the use of the local labor supply; and (d) recruitment problems. With these various local reports the Reports and Analysis Section in the state office prepares a summarized labor market report for the entire State along the same general lines as reported by the individual offices.

Each local office in the State secures bi-monthly from employers, representing approximately half of the employed people of the office area, reports on the trends of employment. These individual establishment reports indicate the amount of war production; the trends of employment over a six months' period; a breakdown of current employment by occupational skills, by women, and by non-whites; and the listings of essential occupations in which the demands are stringent and are not being met. These reports serve as a means of summarizing: (a) the proportion of war production to total production in the State; (b) the general trends of employment, the demands for labor by industry, by occupations, by geographic location, and the anticipated lay offs; and (c) as a picture of the drastic labor needs that require immediate attention.

The local offices make a survey six times a year of their active files. The survey indicates by broad occupational skills the number, the sex, and the color of people seeking jobs, and for the registrants with

professional, managerial, skilled, and semi-skilled occupations, a breakdown by each occupation as to available qualifications is made. Also, bi-monthly the central office secures from each local office a report of the defense training being conducted in the area. This report covers all defense training by the Vocational Education Division, the National Youth Administration, the Engineering Science Management Division, the Out-of-school Youth program, as well as by private schools. The managers in preparing these reports on trainees show not only current enrollment by classes and by type courses but also anticipated enrollments for the next six months and capacity enrollment possibilities.

Monthly the Reports and Analysis Section prepares a state summary of the placements that have been made in the State. These placement reports indicate the occupation, the industry, the age, the sex, and the color of the new job holders. State records are made of the placements, whether by the Employment Service, National Youth Administration, or Works Project Administration, of trainees coming from the defense courses.

All these reports tend to fit one into the other to make a total labor picture. Weekly farm reports and monthly general labor market reports serve to paint an over-all economic back-drop of each local section as well as the State's economic picture. From the strategic establishments, especially the establishments having large war contracts, located over all the State, current and future demands of labor are secured. By actual count of the active files of job seekers, the offices and the State realize the points of available supplies of labor. The central office also secures from each area information as to the progress of defense training, an added labor supply factor. Thus the Employment Service is able to view each local office separately and the state-wide service as a whole in the progress of matching men and jobs.

North Carolina as of July 1, 1942 had 60,000 people registered for jobs with the Employment Service. This was a new low in applications for jobs, but despite this "low" our State is still regarded as one of the important Eastern Seaboard sources of labor. Excepting the construction of large Army and Marine cantonments and the shipyards, this State has had relatively little extra defense work. Training programs had to be arranged, generally, for out-of-state labor demands. The North Carolinians out of jobs due to priorities and war conversions had to become more mobile than ever before in our labor history to find new defense jobs. All these problems have tended to add to the administrative job of the Employment Service.

The summation and analysis of the state's labor supply and demand has tended to diminish the problems of the Service on the local and state levels. The local offices have definite economic data for comparing their sections with the entire State. Each manager is more able, by having a composite labor supply picture, to guage his activities in the war effort. He knows what is happening in Edenton as well as in Morganton.

The central administrative officials know the distress demand areas. They know by actual data the points for the recruitment of labor. The clearance of job orders is thereby accelerated. The administration can plan more intelligently, with complete state-wide trainee and potential-trainee supply data, training programs. In fact, the questions continually being asked by Mr. John Q. Public are answered, maybe not as fully as he some times desires because much of the labor data are confidential, but Mr. Public gets a frank, factual answer.

(NOTE.—The Reports and Analysis Section of the United States Employment Service for North Carolina plans to present in subsequent issues of this magazine factual, current data on North Carolina's supply and demand of labor.—THE EDITOR.)

UNEMPLOYMENT COMPENSATION BENEFITS DENIED STRIKER

(Continued from Page 21)

directly interested in the labor dispute which caused the stoppage of work; and

(2) He does not belong to a grade or class of worker of which immediately before the commencement of the stoppage, there were members employed at the premises at which the stoppage occurs, any of whom are participating in or financing or directly interested in the dispute."

In view of the above provision, a claimant must show to the satisfaction of the Commission that his case is within paragraphs (1) and (2) before he is entitled to benefits.

INDUSTRIAL DISTRIBUTION OF THE NORTH CAROLINA LABOR FORCE, ETC.

(Continued from Page 10)

cent of the labor force employed in manufacture. Since all manufacturing establishments are subject to the law if employing as many as eight workers it may be seen how the work of the Commission is greatly increased because of the large rural population engaged in manufacture.

Of the total number employed in the various industries of the State, 72.0 percent are white and 28.0 percent are Negro workers. Of the total population of the State, 3,571,623, 71.9 percent are white and 28.1 percent are Negroes. In manufacture 85.7 percent are white and 14.3 percent are Negro workers. Approximately 65 percent of those employed in agriculture are white workers, white men exceeding Negro men by more than two to one, while Negro women exceed white women by approximately one-third.

NOTES ON OPERATIONS

(Continued from Page 13)

April to a point greater than it had previously been in relation to those received by the Commission for former N. C. workers, reflected only a temporary situation which had reverted by May and June. On the other hand, continued claims, a better index of unemployment for workers coming into North Carolina, since July 1940 have remained consistently below the number of continued claims received by this State on behalf of its former workers.

Place of the Employment Service in the War Program

By M. R. Dunnagan, Informational Service Representative, U. S. E. S.

During this period, while national industry and activities are undergoing a lightning-like change from leisure peace-time pursuits to rapid war-time preparations, the United States Employment Service with its 1,500 local employment offices and 5,000 other points of contact with the public, is being transformed into a streamlined, highly geared machine devoted almost exclusively to the war effort.

Many people have some knowledge of the Executive Order, effective last January 1, which created of the State Employment Service units in the 48 states, one unified and coordinated Federal agency, the direction of which centers in Washington. That Executive Order separated the activities of the Employment Service from those of the Unemployment Compensation agencies in the several states, but also provided for a continuation of the two agencies in close harmony and with certain complementary functions. The result is that the public generally sees no particular difference in the normal functions of the two agencies.

As the tempo of war preparations increased after Pearl Harbor, the need for a more complete utilization of the nation's manpower became more evident. The War Manpower Commission was created to provide the human element in the modern war machine it became necessary to develop almost overnight. Two or three months ago it issued eight directives, four of which were directed to the United States Employment Service, and in the other four of which the Employment Service has related activities.

The Employment Service was directed to prepare and maintain a list of those skilled occupations essential to war production in which a national shortage exists, to be designated as critical war occupations. It was directed to make preferential referrals of workers to employers engaged in war production in order of their priority before making referrals to other employers, based on a classification by the War Production Board of war plants and war products in the order of their urgency in the war program.

The Employment Service was directed to analyze and classify the occupational questionnaires returned to the Selective Service Boards, interview those individuals with skills in critical occupations and refer them to job openings in war production work, and the Selective Service Boards, in turn, were directed to secure the advice of local Employment Service offices before classifying or reclassifying individuals skilled in critical war occupations.

Also, the Employment Service was directed to increase its activities and facilities to provide additional agricultural workers, while the Farm Security Administration was directed to increase the number of mobile labor camps to make available farm workers in the "food for victory" campaign, and the FSA and the office of Defense Transportation are to assure transportation facilities to move migrant agricultural workers.

Directives to put this program into full operation have been issued by the Director of the United States Employment Service, and through the State Director to all of the 45 local Employment Service offices in North Carolina. The streamlining process is being completed, and the offices are being converted almost overnight into centers for the promotion of the war program, almost exclusively.

Of definite application to the Employment Service workers is the recent statement of the President that "We must be prepared to do altogether unheard of things." The entire Employment Service is called upon to restrict many of its former activities and to eliminate some of them entirely. It can no longer serve as a full functioning labor exchange in the communities in which it has local offices. Hereafter, for the duration of the war, its primary purpose will be to supply labor for essential labor industries.

Heretofore, housewives could call the Employment Office and ask for a cook or a maid. In a short time, one or more would appear at the home for interviews and usually a suitable servant was found. In fact, for a long period, more than one third of all the workers placed were in the domestic class. Now, it will be unusual for a cook or a maid to be placed, because—the war effort must be served first.

Even if virtually unlimited financial resources were made available to the Employment Service, it would still be necessary to establish priority in service because of the limitation upon trained, competent staff to do the Employment Service job. Furthermore, the U. S. Employment Service shares the common obligation to avoid using manpower in unnecessary or relatively less essential activities.

One observer recently returned from England has written: "Today, we have to exercise all of our ingenuity, not to find jobs for workers, or even to merely find workers for jobs; it is our more difficult task to plan to:

(1) Use no more human skill than is necessary for any given job;

(2) Increase every human skill to the limit of personal capacity;

(3) Allocate every skill where it will be most useful to national policy."

With the conversion of the United States Employment Service to a wartime basis, it becomes necessary to classify its activities as follows:

(A) Those necessary to full service for employers engaged in essential activities;

(B) Those necessary to serve employers engaged in non-essential activities;

(C) Those which must be eliminated altogether or curtailed to a greater or lesser degree.

Until a list has been prepared of war activities, both manufacturing and non-manufacturing, local office managers are directed to use the information they have in distinguishing between essential and less essential employers. However, the field workers

for the Employment Service are given a description which they are asked to apply to determine whether or not a given industry is essential. Essential activities include:

(1) Establishments holding war contracts;

(2) Establishments holding subcontracts from war contractors;

(3) Establishments providing equipment and supplies for war contractors or their subcontractors;

(4) All phases of agriculture;

(5) Essential civilian activities such as public utilities, transportation, hospitals.

Non-essential activities include all of those not covered by one of the categories just listed.

In other words, unless an activity in the Employment Service office contributes to the war effort, directly or indirectly, or is of service to the essential civilian activities, it is either to be abandoned entirely or greatly restricted. For the duration the Employment Service must hold up against all of its operations this yardstick of use to the war effort or to the public welfare. Those activities which do not measure up, pass for the time being into the discard —and that means many of the things that have been done through the years by the staffs of the local employment offices.

The complete or standard employment registration is to be taken only for those applicants who have actual or partial qualifications which will fit them into occupations valuable to the war effort. A self-registration, one in which the applicant fills out his own card, will be used for all other classes.

Other former services to applicants, now eliminated, unless there is a definite connection with the war effort, include all specialized counseling services, such as those given to students or school groups; specialized teacher placement service, except in rare cases; physical examinations, photographing, obtaining proof of citizenship and fingerprinting, and others.

Former services to employers which are to be eliminated or curtailed, except when they contribute to the war effort, include referring individuals requested by name, testing applicants, testing employed workers, checking applicants' references from former employers, clearing between offices, occupational analysis work, promotional efforts, and special registrations or campaigns for workers—all for non-essential employers; assuming personnel management functions for employers; and assisting applicants in filling out employers' application forms, except Civil Service forms.

The Employment Service will continue to cooperate with other governmental agencies, but only in so far as this cooperation tends to serve the war cause. It will render no special services to relief, welfare or public assistance agencies, except those rendered to the general public. Collection of data that should be gathered by some other agency is eliminated, and collection of information about idle plant space and production facilities will be done only for war purposes.

Trainees will still be referred to preemployment war plant training, and placed in war work when their training is completed, but the Employment Service will discontinue referring those already at work to supplementary or WPA in-plant training.

Placement service for Farm Security Administration mobile agricultural camps will be continued, but with no responsibility for camp operation. Nor can the Employment Service assume responsibility for seeing that housing facilities are adequate and satisfactory in areas of war industries or activities; or of providing proper transportation facilities for workers in such areas. It should, however, bring to the attention of the proper authorities any deficiencies in these conditions.

Personnel of the Employment Service offices may not be loaned to other agencies for the duration, nor is personnel permitted to participate in community enterprises or promotional campaigns, during office hours, which do not deal with labor supply phases of the war effort.

The new plan includes a request from the War Manpower Commission that all newspapers submit to the manager of the nearest local Employment Office copy of any advertisements they are asked to run for labor, especially for outside employers, and ask for a recommendation. The local manager is directed to recommend that the advertising not be carried in the newspaper if, in his opinion and with his information on labor conditions, the advertising will tend to disrupt the local labor market or impede the war production effort.

The War Manpower Commission has established priority in labor, as has previously been done in the cases of supplies and materials. If one worker is available for a job in two plants needing him, the Employment Service is directed to refer that worker to the plant with the higher priority rating. Exceptions may be made to this general rule, in case one plant with a lower priority rating is producing material or supplies which are needed immediately, and a shortage of labor is holding up production of vital commodities. In these cases, the local Employment Service manager is directed to use his discretion, in the light of the information in hand.

"Freezing" of labor has not yet been invoked but this method of keeping workers with vital skills on jobs essential to the war production effort may be a later step of the War Manpower Commission. An order freezing labor would mean that a worker would be required to remain on the essential job he now has, unless, in the opinion of the Employment Service, he would be of more value to the war cause in another job. In that case, a transfer would be authorized, and promiscuous and undirected movement of labor would be prevented.

The conversion plan will doubtless result in the transfer of personnel from one Employment Service office to another within the State, and possibly between states. When the work in one office, because of war activity in its area, is found to be more than the usual staff can handle, additional help will be required, and it may have to come from other offices.

(Continued on Page 30)

Business Activity in North Carolina

BY SILAS F. CAMPBELL, SENIOR STATISTICIAN

The department of research and statistics of North Carolina's Unemployment Compensation Commission maintains a monthly index of business activity for the purpose of viewing current trends throughout the State. This index is constructed from data contained in the reports of the Federal Reserve Board, the U. S. Bureau of the Census, the Federal Power Commission, the U. S. Bureau of Mines, Life Insurance Sales Research Bureau, the N. C. Department of Labor, the N. C. Department of Revenue, and in the Survey of Current Business of the U. S. Department of Commerce. The accompanying charts illustrate business trends as revealed by the figures studied: Chart I giving the detailed picture for 17 months past; and Chart II showing the yearly trend from 1925 to 1941.

These charts have been drawn from tables (which are available for distribution in mimeographed form), giving movements by selected indicators. All index numbers used in the analyses are based on the monthly volume of activity in the respective series for a varying period of years with the different types of activity, and these have been adjusted for trend and seasonal variation. The trend periods for the several indicators included in the composite index are as follows:

Active Spindle Hours	1913-1939
Bank Debits	1923-1940
Cement Shipments	1934-1940
Cigarette Production	1924-1939
Construction Contracts	1924-1940
Cotton Consumption	1913-1939

NORTH CAROLINA BUSINESS INDEX

CHART I. MONTHLY INDEX OF COMPOSITE ACTIVITY AND THREE LEADING INDICATORS
1941 - 1942 TO DATE
ADJUSTED FOR TREND AND SEASONAL VARIATION

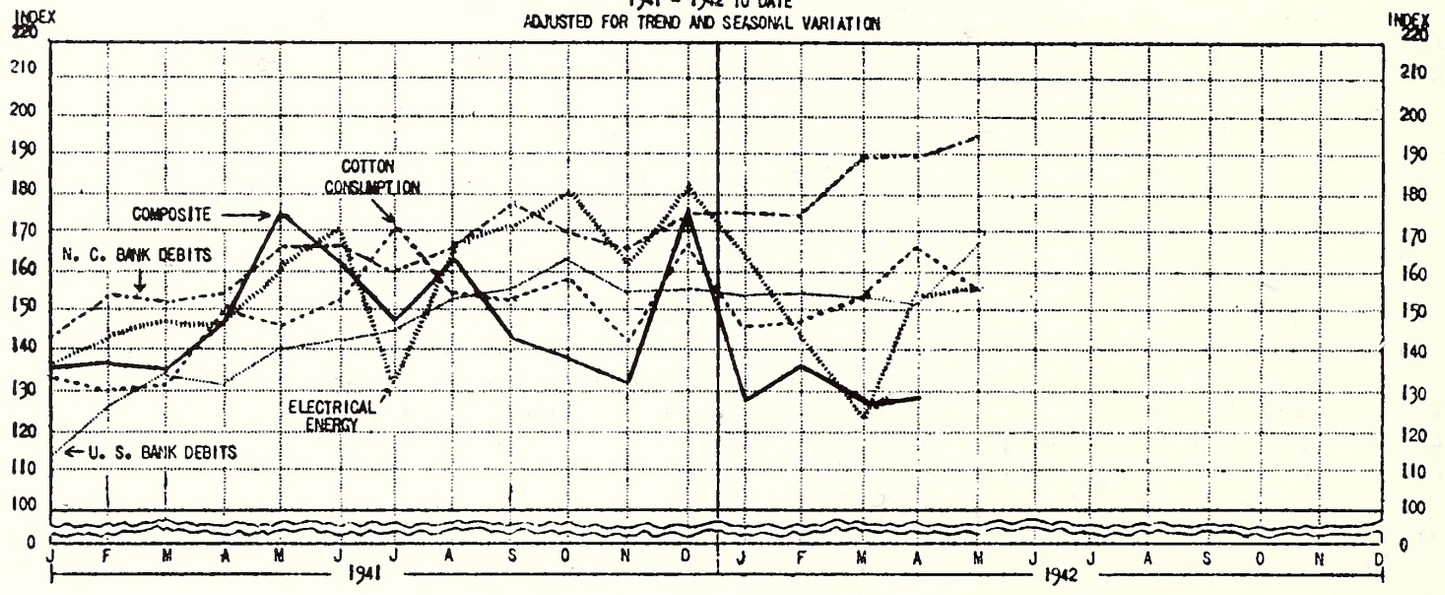
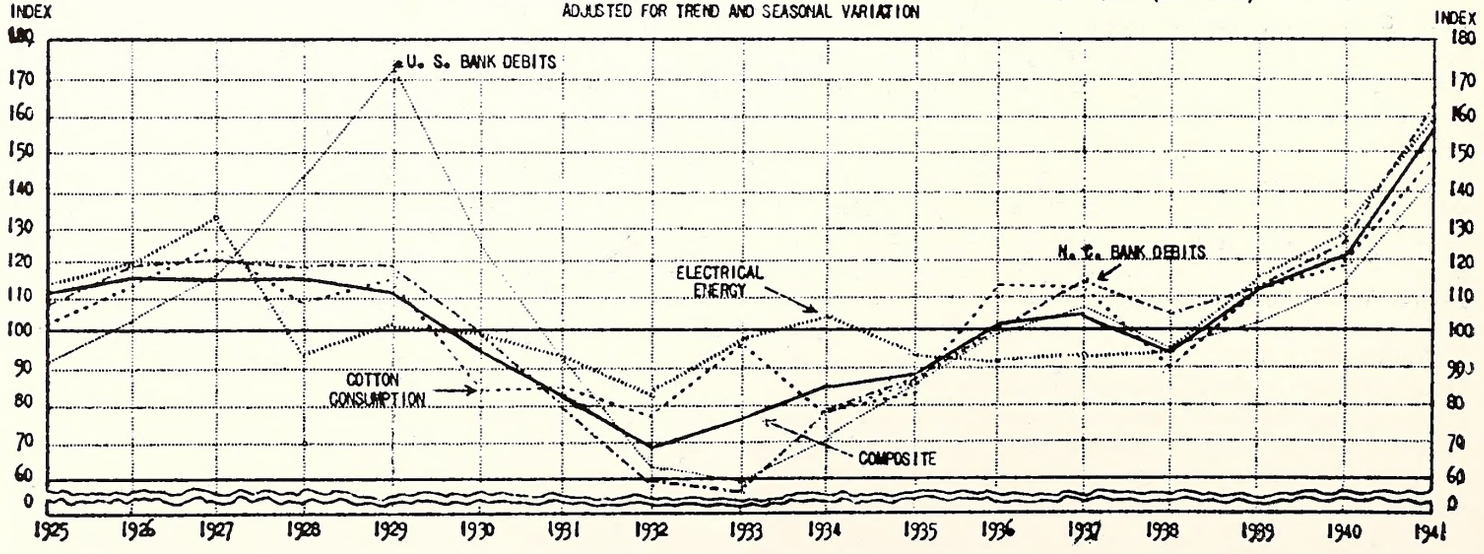


CHART II. ANNUAL INDEX OF COMPOSITE ACTIVITY AND THREE LEADING INDICATORS 1925 - 1941 (UNWEIGHTED)
ADJUSTED FOR TREND AND SEASONAL VARIATION



Department Store Sales	1934-1941
Electrical Energy Production	1920-1939
Gasoline Consumption	1925-1939
Hours per Spindle in Place	1922-1939
New Car Sales	1925-1939
Ordinary Life Insurance Sales	1923-1940

Also considered among the indicators although not included in the composite index are employment figures and payrolls for all industries and for manufacturing, post office receipts in leading cities, weeks of unemployment compensated, and retail furniture sales.

The calculated trend in each series during its trend period has been taken as 100; fluctuations above and below this level, as demonstrated in the charts, are ratios to trend.

It will be seen from the charts that the composite index during 1942 dropped sharply at the first of the year from its 1941 positions, and for the first time since 1938 fell below 130. At the same time, bank debits, electrical energy and cotton consumption, after setting new high records in 1941, fell off a bit at first in 1942, but have shown increases in the second quarter over the first, and appear to be well above the composite index.

However, it is apparent that the influences which tend to depress the combined index do not at this time involve industrial production which is at a high level, but rather trade and distribution, as a result of priorities, tire and gasoline rationing as well as the removal of new automobiles from the open markets.

From the standpoint of industrial production it is of interest to note that while North Carolina produces few of the durable goods which are at tremendously high levels, it occupies a position above the national level in general business activity, and also in industrial output for series in which data are comparable. Whether it is able to maintain this position will depend largely upon further developments in construction and textiles. In the latter field, the strong demand for combed yarns from which the government textile requirements are largely produced, may take this index on to new heights, since it appears that carding equipment is now at about capacity activity. However, in the production of finer-count yarns, a limiting factor is the requirement of longer staple cotton than the average produced in this country.

It is also of interest to note that North Carolina's supremacy in textiles is the result of a continued climb since 1920, when her plants used 16 percent of the national cotton consumption until the peak in 1936 when they consumed 29 percent of the national total. Since then except for 1939, there has been a decline in the proportion of North Carolina's consumption. During the more recent years, its high position has been due in large measure to silk and rayon manufacture.

But now, according to informed sources, we have seen the last of hosiery silk and of nylon for the duration. While rayon allotments have been increased, North Carolina hosiery manufacturers say the increase permits of only 70 percent production. On the other side of the picture, specifications on some textile orders are being liberalized to permit the acceptance of carded yarns of a certain tensile strength in place of combed yarns. It appears that the State's future position in textiles may be threatened unless the diminishing differential in the ratio of cotton consumption is counterbalanced by increased values added in manufacture through the enlarged production and increased use of finer-count yarns. This will be limited by the number of mills equipped or converted for this type of work.

On the whole North Carolina plants are probably engaged to a greater extent than those of the average cotton growing state in the manufacture of materials which do not require the finer-count yarns calling for added spindle activity. As a consequence, North Carolina textile products are not increased in value by the process of manufacture to the same extent as those of some other states. This is an important point, since it is the value added to a product by manufacture that determines the relative importance of an industry to the business level of the State.

It is probable that when textile plants complete adjustments necessary to switch to all-out war production, and when the bumper crops of 1942 begin to move, buoyancy may again be restored to business activity except where limited by priorities and the rationing of consumer goods. It seems doubtful, nevertheless, that the year will close with as high a general average as 1941.

The most depressing effect on the business index of the State has been the exclusion of war construction data during recent months. It should be pointed out that construction contracts for the major portion of 1941 included war construction. However, for 1942, the information has not been available through Government channels. Some idea of the effect this activity would have on the monthly business index may be gained from the fact that, while North Carolina construction for the first five months of 1942 as reported through regular channels was not as much as 30 million dollars, the total, including war contracts according to the June *Manufacturers Record**, was over 110 million dollars.

Other factors which give hopeful signs but which cannot be measured by current indexes are the possibilities of increase in agricultural and processed food products, and more extensive development of North Carolina mineral resources, upon which it appears the nation must more and more depend.

Current statistics are unsafe at the moment for forecasting future trends beyond such generalities as have already been mentioned. Stoppage of new car sales, reduction in gasoline consumption and tire rationing, and priorities in other fields will tend further to force it down. Whether industrial production, now nearing a capacity level in textiles, can yet be sufficiently accelerated to restore buoyancy to the sagging composite index will be a matter of extreme interest and public concern as military needs affect more and more production for private use.

*See p. 35.

Employer Experience Rating

You have probably heard the tale of the "so happy tax-payer". It is a British legend, and may (let's hope it does) apply to us Americans who are paying up our bigger and bigger taxes "to beat the Axis". But in any case, we have in North Carolina a group of taxpayers, many of whom are soon going to be made happy with the news of a tax reduction, and it can be ultimately a reduction of as much as ninety percent.

These are our employers, ten thousand of them, who contribute a pay roll tax to the State's unemployment insurance fund. As of July 1st this year many of them become eligible for modified rates under the merit-rating system, and as fast as the Unemployment Compensation Commission's bookkeepers can reckon their accounts the deserving ones will receive notices, like the sample printed here, of their reduced tax rates for 1943.

Of course not all of the ten thousand will get such gratifying notices, and the reduced rates will vary with the individual employer's experience. However, it is certain that the aggregate reduction will eventually run into millions of dollars. Other states which are trying out merit-rating plans, report reduced incomes of fifty percent. At that rate such a reduction might ultimately mean a saving to North Carolina employers of around $6,000,000 annually, although no such sharp drop is to be looked for next year.

Behind such a considerable tax cut lies all the thinking and planning about our system of employment insurance as it ties in with the social security program. To see that a worker whose job folded up on him could still buy his groceries the North Carolina unemployment insurance fund was organized in 1936 with a Commission to handle the details. The responsibility for loss of work was assigned to the employers who pay the insurance premiums. Yet unemployment and employment must be considered together as two faces of the same problem. The end sought is not so much more benefit payments to more jobless workers, but rather the stability of employment practices. In order to encourage employer efforts toward steady pay rolls, experience rating provisions were added to the N. C. U. C. Law, to give an incentive in the form of a possible reduction in tax rates to employers who maintain steady work.

Thus, an employer who provides reasonably steady employment can look forward to a reduced contribution rate, whereas, the employer who fails or is unable to provide such employment for his workers can be allowed no reduction. The North Carolina experience rating system sets up a separate account for each employer, to which is credited the greater part of contributions paid by him to the fund, and against which are charged insurance benefits as paid out by the Commission to his former employees. By recording continuously an employer's experience with respect to unemployment, the status of his account determines whether or not he shall obtain a lower rate.

Relief for employers who merit it is now possible since the Commission has collected in contributions and interest

FORM NCUC NO. 104 15M-11-15-41

NORTH CAROLINA UNEMPLOYMENT COMPENSATION COMMISSION
UNEMPLOYMENT COMPENSATION DIVISION

CUMULATIVE RESERVE ACCOUNT STATEMENT
AS OF JUNE 30, 1942
AND COMPUTATION OF RATE

SAMPLE ONLY

EMPLOYER NAME, NUMBER, AND ADDRESS

01-43-003

Sam Jones Company
Oak Bridge
North Carolina

DATE RECEIVED	QUARTER, YEAR AND RATE	PAYROLL ITEM	PAYROLL TOTAL	CONTRIBUTIONS PAID ITEM	CONTRIBUTIONS PAID TOTAL	RESERVE ACCOUNT CREDIT ITEM	RESERVE ACCOUNT CREDIT TOTAL
					Balance July 1, 1941		3,675.13
	Yr. 1939-40		50,000.				
	Yr. 1940-41		50,000.				
July 31,41	June 1941	--	--	90.00	90.00	81.00	3,756.13
Oct 31,41	3rd Quarter	10,000.	10,000.	270.00	360.00	243.00	3,999.13
Jan 31,42	4th Quarter	10,000.	20,000.	270.00	630.00	243.00	4,242.13
Apr 30,42	1st Quarter	10,000.	30,000.	270.00	900.00	243.00	4,485.13
June 30,42	2nd Quarter	10,000.	40,000.	--	--		

BENEFITS PAID AND CHARGED TO YOUR ACCOUNT IN FISCAL YEARS ENDING JUNE 30:

1940	442.15	XXX
1941	378.12	XXX
1942	279.40	

BALANCE IN RESERVE ACCOUNT AS OF JUNE 30, 1942. 4,205.73

COMPUTATION OF RATE		FOR CENTRAL OFFICE USE
1. Reserve balance as of June 30, 1942.	$ 4,205.73	
2. Tests of eligibility for reduced rate: (a) Reserve balance must be five times largest benefits paid in any one of the last three fiscal years. Largest year above: 19 40 $ 442.15 x 5 =	$ 2,210.75	
(b) Reserve balance must exceed 2.5% of total payrolls for three-year period ending June 30, 1942 (regardless of date of payment of corresponding contributions.) Total for 3 years $ 140,000.00 X 2.5%.	$ 3,500.00	
3. Eligible for reduced rate: Yes ☐ No ☐		
4. Computation as of June 30, 1942, of rate applicable to payroll for calendar year 1943: (a) Balance in reserve $ 4,205.73 divided by (b) Payrolls for 3 years $ 140,000.00 =	3.004 %	
5. Contribution rate (See table on reverse of sheet) for year beginning January 1, 1943.	2.13 %	

This determination of your contribution rate for the calendar year beginning January 1, 1943, will become final unless you file an application for review on or before January 31, 1943.

during five and a half years of operations some $63,400,000, from which $22,500,000 has been drawn for payments to unemployed workers. This leaves a balance on hand in the fund of about $40,800,000 as a reserve which it is hoped will be adequate to meet any serious depression and widespread unemployment that may develop after the war. Of course, even with reduced taxes under experience rating, this reserve will continue to grow as long as employment remains at its present high levels.

Heretofore there has been only one period in the beginning of 1938 when payments going out were greater than funds coming in at the standard rate of 2.7 percent of employers' pay rolls. Today the Commission is paying benefits to only about 7,000 workers of the 750,000 and more who are insured in this State. While this is the lowest number since the U. C. C. began to function—the highest was around 135,000 in March 1938—it must be remembered that the country's economic prosperity has been on the upgrade for the last few years and it is the Commission's job to lay away and preserve funds in times of good business against future needs, the extent of which can only be guessed.

The rewards of reduced tax rates will be granted to employers whose records for three years past show a reasonable degree of stabilization. If an employer has "separated" from many of his workers he is likely to find himself still subject to pay roll tax at the standard rate of 2.7 percent, although a little reform in employment policy making for steadier work in his plant might win for him a tax reduction a year or so later on.

From the Commission's point of view, the operation of the experience rating system for employers is a very complicated and technical affair. It involves establishing and maintaining individual "reserve accounts" for each of the ten thousand North Carolina employers whose workers are insured against loss of their jobs. To each account is credited a designated proportion of the contributions paid, and from it are debited insurance benefits as paid to former employees.

The difference between cumulative contributions credited and cumulative benefits charged is called the "reserve balance". To be considered at all for a reduced rate, an employer's reserve balance as of July 1st must be at least equal to: (1) Five times the largest amount of benefits charged in any one of the three preceding years; and (2) Two and one-half percent of the total wages paid by the employer in the three preceding years. If the reserve balance passes these tests, it is divided by the total pay roll for the three preceding years, and the resulting percentage is referred to a table in the Unemployment Compensation Law listing the reduced rates.

With the idea of raising his reserve balance to a point where it will meet the tests for a reduced rate, an employer may anticipate the status of his account and make a voluntary contribution to it prior to the July 1st deadline, on special Commission forms.

It has been expected that some employer accounts may become exhausted by insurance payments. To meet this situation and still have funds to pay unemployed workers the insurance they have earned, the Commission also maintains a "partially pooled" account. To this has been allocated all moneys not credited to individual employer reserve accounts, and from 1941 on into future years is added the minimum tax allowance from each employer of .27 per cent, or one-tenth of the standard rate. All payments to workers from the pool are chargeable to an individual employer's reserve account—on the debit side.

The past, present and future of North Carolina's unemployment insurance program includes a number of different phases. Employer contributions for 1936 began coming in during the first quarter of 1937. For one year, while workers were establishing their base periods of earnings—a necessary prerequisite to insurance receipts—no benefits were paid out and the fund grew to $9,400,000.

With January 1938, in the midst of a critical employment slump, the Commission began distribution of its first insurance checks, at an average of $7.25 a week to each jobless worker. For five straight months that spring employer contributions were smaller than disbursed benefits, although the fund's

(Continued on Page 31)

Employer to Benefit by New Claims Manual

The new manual of employment office claims procedures which has been completed recently, includes some provisions that will be of interest to all employers covered by the North Carolina Unemployment Compensation Law.

I. In particular, employers for a long time have been asking if they might be notified whenever a former worker files a claim naming them as the last employer, or when it is determined that they are either a base-period employer or one of the base-period employers. The new procedures provide that the Unemployment Compensation Commission will notify both the last and the base-period employers, by use of a specially designed form at the time a claim is filed. It is to be sent to the worker's last employer, that is, the employer who provides the worker's notice of lay-off. A similar form will be sent to the claimant's base period employer(s).

The employer should find this information useful in as much as a notice of a claim at the time it is filed by one of *his former workers* will enable him to watch his reserve account more closely. Such a notice gives the employer an opportunity to offer the claimant suitable work through the United States Employment Service Office when the claim is filed; and, at the same time provides him with information as to claimant's weekly benefit amount, ineligible amount, and beginning date of benefit year for posting to his own records. These items are of use in preparing claim forms for any partial unemployment in subsequent weeks in the benefit year.

II. The new procedures also contemplate two types of "separation notices." A short form, or "Notice of Lay-off without Disqualification", is for the employer's use when the sole condition causing the separation is "No work available" and the employer considers the claimant in all respects eligible for unemployment compensation benefit payments. This form is issued in sheets with five forms to the sheet to facilitate its preparation. In making it out, the employer need insert only the worker's name, the worker's social security account number, last day the worker was employed, the date the form was prepared, and show by use of a stamp, or otherwise, the employer's name, account number, and address.

For the employer's use in cases where there might be a possible disqualification, Form NCUCC No. 502, "Notice of Lay-off with Possible Disqualification", is provided. This form is so designed as to permit the employer to set out clearly the reason, or reasons, which he contends may subject the worker being laid off to a possible disqualification from benefits.

The employer is to use this form in duplicate, giving one copy to the worker, and mailing the other to the Unemployment Compensation Commission's central Raleigh office in order that when a claim is filed by a worker, an investigation of the conditions surrounding the separation may be made and any warranted disqualification imposed. It is important that the employer mail a copy of the "Notice of Lay-off with Possible Disqualifications" to the Unemployment Compensation Commission directly, since otherwise it is possible the worker may take work for a short period and as a result furnish a "Notice of Lay-off without Disqualification" from this last employer.

III. The new procedures further provide that a single form NCUCC No. 503, "Claim for Partial Benefits", to be used in each case where the employer has partial unemployment. The information to be contained on the partial claim form is the minimum necessary for the Unemployment Compensation Commission to process claims for partial unemployment. It too should be sent directly to Raleigh. On the form is provided space for the employer to show his own name, number, and address; the worker's name, social security account number; pay-roll week ending date, period of partial unemployment, and the wages paid for the week covered.

PLACE OF THE EMPLOYMENT SERVICE IN THE WAR PROGRAM

(Continued from Page 25)

Conversely, if it is found that some of the local offices are not making important contributions to the war cause, workers from such offices may be sent to undermanned offices.

Some local offices, not contributing appreciably to the war activities, are to be discontinued altogether as a war efficiency measure. It may be, also, that some of the usual activities in other offices will be discontinued and only a skeleton staff retained, at least for the duration. However, none of the present personnel will be laid off because of such changes, until it is definitely determined that they cannot fill places in other offices in this or other states.

These changes the Employment Service personnel will take in stride. Inconveniences will be borne without complaint or criticism, as the contribution each staff member makes to an all-out war effort. The public, which will probably suffer inconvenience because of this converted wartime plan of operation, is asked to remember that any departures from "business as usual" by the Employment Service are made with one aim and one aim only—that of winning the war. Patriotic citizens will cooperate with the Employment Service in its contribution to the cause, just as they are cooperating with every other agency in the prosecution of the war.

All civilians should bear in mind that, no matter how great the sacrifices they are making, the soldiers in the battle areas and in the training centers are making and are preparing to make even greater sacrifices—even of their lives—in order that liberty may not be banished from our land.

THE MICA INDUSTRY IN NORTH CAROLINA

(Continued from Page 21)

physical examination given by the State and to secure a work permit from the State which must be renewed every two years.

An occupational study of mica mining has been prepared by the occupational analysts of the United States Employment Service. It was made in the Spruce Pine district with specific reference to mining, and in Asheville with specific reference to processing and milling.

An occupational composition study has the chief purpose of determining the staffing of an industry and the proportionate number of persons employed in one occupation to all of the occupations in the industry. In addition, valuable information is obtained concerning the degree of skill required in the various occupations, the length of training time required to bring the average worker up to normal production and the possibility of persons of the sex opposite to that found on the particular job doing that work. In this study, the analysts were chiefly interested in determining the degree of skill necessary in the various occupations and the training time involved.

Men flocking to the war-booming mica mines of Western North Carolina are being protected from silicosis, dread disease of miners, by the State Board of Health which, under a six-year-old law, requires preemployment examination of all workers and periodic examinations of all workers thereafter. Silicosis is contracted by breathing air laden with silica dust. It has a deadly effect upon the lungs and frequently causes death. Large-scale examinations of mica miners are being conducted under a program sponsored jointly by the State Board of Health and the Industrial Commission. Dr. T. F. Vestal, director of the Division of Industrial Hygiene, is in charge.

In 1935, alleging occupational injury from silica dust, some asbestos workers sued but failed to recover because the law at that time made no provision for such injuries. The Legislature of that year remedied the situation by amending the Workmen's Compensation Act to include certain diseases, requiring the preemployment examinations and periodic re-examinations as a safeguard to the health of the miners.

At the present time Dr. Vestal is in Spruce Pine to examine prospective mica workers. He will be located in the western part of the State for some time for this purpose. Workers are already being examined and are securing work permits so they will be available for mica mining as soon as the new machinery is installed.

Pre-war production of mica in North Carolina amounted to 3,811,236 pounds during the five years of 1936 through 1940. Its value was $713,206.00.

Almost every day, more North Carolina employers are joining the ten thousand whose workers are already protected through the Unemployment Compensation Commission.

EMPLOYER EXPERIENCE RATING

(Continued from Page 29)

reserve had to be dipped into for only three months. The 1939 Legislature altered the scale of payments and the average weekly benefit fell below $5.00, but workers were guaranteed sixteen weeks of payments in case of prolonged unemployment. Thus North Carolina became the state paying the least amount of weekly insurance to its unemployed, and at the same time it became a leader in extending the limit of duration for payments. Two years later the 1941 Legislature again revised the benefit schedule, this time upward, and the average weekly payment is now $7.40.

The present fund balance of $40,800,000 makes a different picture from that seen in the spring of 1938. In no month since then has the mounting reserve failed to increase. When deserving employers add to it at much lower rates in years to come, it is estimated that the fund will still grow, although much more slowly as long as the present favorable employment situation and the war boom continue. It is to be hoped whatever follows after doesn't produce too many unemployment headaches.

Workers who are unemployed may now claim their insurance checks through 45 local full-time employment offices and four outpost offices which administer the North Carolina Unemployment Compensation program. These offices are located in Albemarle, Asheboro, Asheville, Bryson City, Burlington, Charlotte, Concord, Durham, Edenton*, Elizabeth City, Fayetteville, Gastonia, Goldsboro, Greensboro, Greenville, Henderson, Hendersonville, Hickory, High Point, Jacksonville*, Kannapolis*, Kinston, Lenoir, Lexington, Lumberton, Morganton, Mount Airy, Murphy, New Bern, No. Wilkesboro, Raleigh, Reidsville, Roanoke Rapids, Rockingham, Rocky Mount, Rutherfordton, Salisbury, Sanford, Shelby, Spray, Spruce Pine, Statesville, Thomasville, Washington, Waynesville, Williamston*, Wilmington, Wilson, Winston-Salem.

*Outpost offices.

A recently published report of the International Labour Office, *Approaches to Social Security*, outlines a program for the planning of a complete social security system, in readiness for post-war reconstruction.

Employees of the Unemployment Compensation Commission and of the United States Employment Service for North Carolina are participating wholeheartedly in the national war program by buying bonds and stamps each pay period. Of the Commission's personnel, 92 percent have pledged themselves to purchase bonds and stamps regularly; and 245 members of the Employment Service are participating in the program. Through July 31, 1942, a total of $26,981.40 has been invested in the war securities from the combined U. C. C. and E. S. agencies. This amount is larger than that from any other similar state groups in Region IV.

N. C. U. C. COMMISSION
BOX 589, RALEIGH, N. C.

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Publications of The North Carolina Unemployment Compensation Commission

Biennial Report, 1936-1938.

Biennial Report, 1938-1940.

Annual Report, 1937. (Mimeographed.) Out of print.

Annual Report, 1938. (Mimeographed.) Out of print.

Annual Report, 1939. (Mimeographed.)

Annual Report, 1940. (Mimeographed.)

Annual Report, 1941. (Mimeographed.) Out of print.

Unemployment Compensation Law as amended (1941).

Employment Security News (mimeographed—weekly), started in 1936 by the North Carolina Employment Service. Now issued jointly by the North Carolina Unemployment Compensation Commission and United States Employment Service.

North Carolina Employment Security Information, Volume I, Numbers 1-12, 1941. (Discontinued.)

Unemployment Compensation Commission Quarterly, Volume I, Number 1, 1942.

Regulations (mimeographed).

CIRCULARS AND FOLDERS:

Benefit Payments for Partial Unemployment.

Employer Experience Rating in North Carolina.

Information for Workers about Unemployment Compensation.

Social Security in North Carolina (Annually prepared schedule of various services and payments).

Compilation of Social Security Laws in North Carolina (mimeographed).

Employment Security Figures for North Carolina by Counties, January, 1937 through June, 1941 (mimeographed).

Funds Distributed in North Carolina by Counties through Eight of the Ten Divisions Under the Social Security Act (mimeographed).

POSTERS:

Employer's Certificate of Coverage and Notice to Workers.

Notice to Workers—Partial Benefits.

STATISTICAL REPORTS:

(Current series, mimeographed.)

Business Activity in North Carolina as Reflected by Movements in Selected Indicators—Current Trends (monthly).

Number and Amount of Benefit Payments, by Office (monthly).

Summary of Claims Activity (monthly).

Summary of Local Office Operations (monthly).

Weekly Summary of Initial and Continued Claims Taken, Benefit Checks Distributed and Placements Made, by Office.

JAN 21 1943

THE U.C.C. QUARTERLY

VOLUME I, NO. 2 FALL-WINTER, 1942

Running Spindles in a Textile Mill

PUBLISHED BY

UNEMPLOYMENT COMPENSATION COMMISSION OF NORTH CAROLINA

The U. C. C. Quarterly

Volume I; Number 2 Fall-Winter, 1942

Issued four times a year at Raleigh, N. C., by the

UNEMPLOYMENT COMPENSATION COMMISSION OF NORTH CAROLINA

Commissioners: Judge C. E. Cowan, Morganton; C. A. Fink, Spencer; Mrs. F. L. Fuller, Jr., Durham; R. Dave Hall, Belmont; Hon. T. Clarence Stone, Stoneville; Dr. Harry D. Wolf, Chapel Hill.

State Advisory Council: Capus Waynick, High Point, Chairman; Willard Dowell, Raleigh; Marion W. Heiss, Greensboro; H. L. Kiser, Charlotte; Dr. Thurman D. Kitchin, Wake Forest; Robert F. Phillips, Asheville; Mrs. R. J. Reynolds, Winston-Salem; Mrs. Emil Rosenthal, Goldsboro; W. Cedric Stallings, Charlotte.

WILLIAM R. CURTIS . . . . . *Acting Chairman*
R. FULLER MARTIN . . . . . *Director*
MRS. FRANCES TREADWELL HILL . . . . . *Editor*

Regular Contributions in each issue from the

UNITED STATES EMPLOYMENT SERVICE FOR NORTH CAROLINA

MRS. GERTRUDE K. CLINTON . . . . . *Director*

Cover illustrations represent typical North Carolina industries under the unemployment compensation program. *Cover for Fall-Winter, 1942—Running Spindles in a Textile Mill.* Photograph by courtesy of the North Carolina Department of Conservation and Development.

By any standard, textile mill operations constitute North Carolina's most important industry. The article on *Textile Manufacturing in North Carolina* contained in this issue describes the history of the industry in this state and analyzes its position in relation to both our state and national economy.

Sent free and upon request to responsible individuals, agencies, organizations and libraries. Address: U. C. C. Informational Service, Raleigh, N. C.

CONTENTS

	Page
War Production Awards to North Carolina Firms	36
Compulsory Health Insurance	38
Notes on Operations	44
U. C. C. Organization	
Personnel Training	
Materials Prepared by Office of Training	
Trend in Benefit Program	
Appeals Increase	
U. C. C. Men in the Field	
Military Leave	
Average Annual Wages	48
North Carolina Moves Toward Industrialization, By S. F. Campbell	49
Textile Manufacturing in North Carolina	51
Our Supply of War Workers, By F. I. Busbee and Benton Bray	54
Pegging Workers Into War Jobs, By Henry W. Calvert	58
Labor Shortage on the Farm Front	61
Getting in the Basic Crops, By M. R. Dunnagan	61
Unemployment and Relief	63

REPRESENTATION AMONG COMMISSIONERS AND STATE ADVISORY COUNCIL MEMBERS

U. C. C. COMMISSIONERS:

Maj. A. L. Fletcher—appointed Chairman in July 1941 when he was called here after serving at Selective Service Headquarters in Washington. Previously Assistant Administrator of the Wage & Hour Division of the U. S. Department of Labor; served as State Commissioner of Labor for seven years. Absent on leave for military duty in Washington.

William R. Curtis—Acting Chairman since May 1942. Mr. Curtis has been with the U. C. C. since its first year of operation. He organized and directed the Bureau of Research and Statistics until he was named U. C. Division Director in August of 1941. He holds the degrees of A.B. and M A. from the University of North Carolina and a Ph D. in economics from the University of Illinois.

The following six commissioners were appointed in July 1941 to serve either two- or four-year periods. Regular meetings are scheduled at least once every two months.

Judge C. E. Cowan—Morganton. Lawyer and former Judge of the Burke County Court. He is active in Bar Association circles in the state, and has been attorney from its organization of the Burke-McDowell Electric Membership Corporation. Judge Cowan took both his undergraduate and law degrees at the University of North Carolina. (Four years.)

Charles A. Fink—Spencer. President of the State Federation of Labor since August 1937; former President of the Salisbury-Spencer Central Labor Union. Member of the Commission's State Advisory Council for two years, before his appointment as Commissioner. (Two years.)

Mrs. Frank L. Fuller, Jr.—Durham. Wife of a prominent Durham attorney, and active in various local community organizations. She received the B.L. degree from the Duke University Law School in 1937. (Four years.)

R. Dave Hall—Belmont. President of the Southern Combed Yarn Spinners Association; Secretary and Assistant Treasurer of the Stowe Thread Co.; Sales Manager of the Climax Spinning Co., the Sterling Spinning Co., and the Majestic Manufacturing Co. He is a graduate of Davidson College, and Past Department Commander of the American Legion in North Carolina. (Two years.)

Hon. T. Clarence Stone—Stoneville. Representative from Rockingham County to the General Assemblies of 1935, 1937, 1939, 1941 and the special session in December 1936 which adopted the U. C. Law. For two years on the Commission's State Advisory Council. Secretary and treasurer of the Stoneville Grocery Co. (wholesale); operator of his own insurance agency. Has served as town commissioner and mayor of Stoneville. B.S. from Davidson College. (Two years.)

Dr. Harry D. Wolf—Chapel Hill. Professor of Economics at the University of North Carolina. Member and executive secretary of the N. C. Commission on Unemployment, 1934-1935, provided by the General Assembly to make a special report. W.P.A. regional adviser on labor relations, 1936; on industry committees under the Fair Labor Standards Act. Editor of the Southern Economic Journal. Author of *The Railroad Labor Board*, and various articles on labor conditions. Dr. Wolf received his graduate degrees from the University of Chicago. (Four years.)

STATE ADVISORY COUNCIL:

Its nine members include two each representing employer and employee, and five members, one of whom is chairman and two of whom are women, representing the public.

Capus Waynick—High Point. *Chairman.* Newspaper editor; first State Director of the earlier National Reemployment Service; member of the Commission's former State Advisory Council; former State Senator, Highway Commission Chairman and Purchase and Contract Director. Now also serving as Director of Demonstration and Study of Public Educational Measures for the Control of the Venereal Diseases.

Marion W. Heiss—Greensboro. Personnel Manager of the Cone Mills. (Representing employers.)

Willard Dowell—Raleigh. Secretary of the North Carolina Merchants Association. (Representing employers.)

H. L. Kiser—Charlotte. Head of the State Building Trades Council and first vice-president of the State Federation of Labor. (Representing workers.)

Dr. Thurman D. Kitchin—Wake Forest. President of Wake Forest College.

Robert F. Phillips—Asheville. Executive of the Carolina Power and Light Company.

Mrs. R. J. Reynolds—Winston-Salem. Wife of the mayor.

Mrs. Emil Rosenthal—Goldsboro. Civic leader.

W. Cedric Stallings—Charlotte. American Federation of Hosiery Workers, C.I.O. affiliate. (Representing workers.)

ALL-OUT EFFORT

During the past months we heard much about this Nation being in an industrial war. The President long ago told us that we must function as the arsenal of democracy. Now with our own forces engaging the enemy, day by day an all out war becomes a grimmer reality to the American people.

The monster of war is being grappled. At home he has clawed the tires from our cars, locked certain foods out of the pantry and brushed aside civilian dreams of better equipped houses or even usual comforts. But we cannot expect to achieve victory and at the same time have the clothes we desire, the warm homes we would like, or the foods we relish. While fighting for our democratic way of life, we must count as weapons the various subtractions from peacetime standards of living.

What we have done thus far is but little in comparison with what we must do. Conservation and full utilization of all resources must be emphasized and employed. Many of us have and will know the hardships of displacement from familiar surroundings and jobs; more men must leave homes for active service; more and still more plants must be converted; taxes must be increased. Every phase of our activity will be colored or reshaped while everyone tightens his belt, gives more, works harder. If not to the same degree or in the same ways, perhaps, yet all of us share in our Nation's responsibility for the successful accomplishment of this war effort.

F. B.

FROM THE EDITOR'S POINT OF VIEW

SALVAGE FIRST!

The search being conducted by the Department of Conservation and Development for idle building space in North Carolina in which war manufacturing plants might be located seems a most worthwhile undertaking. It is always distressing to see a once flourishing factory empty and dark because its industrial usefulness has departed. It is still more distressing today, when our war effort is handicapped by the implacable brevity of time. As a nation, we could hardly do ourselves a worse turn than to divert precious time, men, and materials to the building of new plants, while we still have old ones that could be made to serve. It takes vital months to erect a new factory and get it going. Some must be put up, for certain war production needs special types of buildings. But it would be much more effective for us to keep such construction at a minimum, making use of all available space first to the fullest extent. Far better to have a million shells now than a beautiful new factory which will be ready to produce two million only after we have lost more ground and more of our fighting forces than we already have through delay. A tank or an aeroplane now is worth two next year.

WHY WOMEN DON'T LEAVE HOME

In the midst of all the current talk about allocating our nation's manpower, and more specifically calling up our un-used reserves of woman-power to replace men in industry, it is refreshing to find one account of a practical approach to the real problem insofar as the majority of our women are concerned. This has to do with a plan worked out between a United States Employment Office and an industrial plant in another state.

The Bureau of the Census, in relating its figures on the employment status of persons 14 years old and over in the United States in 1940, called attention to the fact that additional workers required for the war effort must be drawn mainly from the 28.7 million women engaged in their own home housework, since the balance of our 50.5 million women were either already in the labor force or unavailable. In North Carolina, there are around 660,000 women engaged in their own home housework, of which number some 140,000 are negroes. Presumably most of these women are married, and the mothers of minor children, as well as the managers of households. If this reservoir of womanpower is to be tapped for new war workers, some consideration must be given as to how they may be released from domestic duties.

However much these women might like to engage in essential war industry, they know their time is not free of home assignments until arrangements can be made to have the family meals planned, secured, and prepared; the family floors and furniture cleaned, the laundry done, the children attended, and a host of detail jobs performed that usually add up to more than any 40- or 48-hour work week.

Nursery schools for working mothers are fine and dandy; there should be more of them. But that still leaves the whole domestic routine untouched, and the problem of who is going to be around when Jimmy and Sue get back from grade school in the afternoon at half past three, not to mention the days they might be out with whooping cough or measles. Capable domestic help is scarcer than ever; there is no solution but another labor problem in that direction.

If women busy at home are reluctant to take up essential war jobs, it is because they know that they cannot leave that homework behind; it still will remain their responsibility in addition to hours spent at a factory or in an office. Of course some women do just that—carry on two jobs at the same time—but they will tell you it isn't easy in any case, and almost a physical impossibility without subsidiary domestic help, or elastic job requirements.

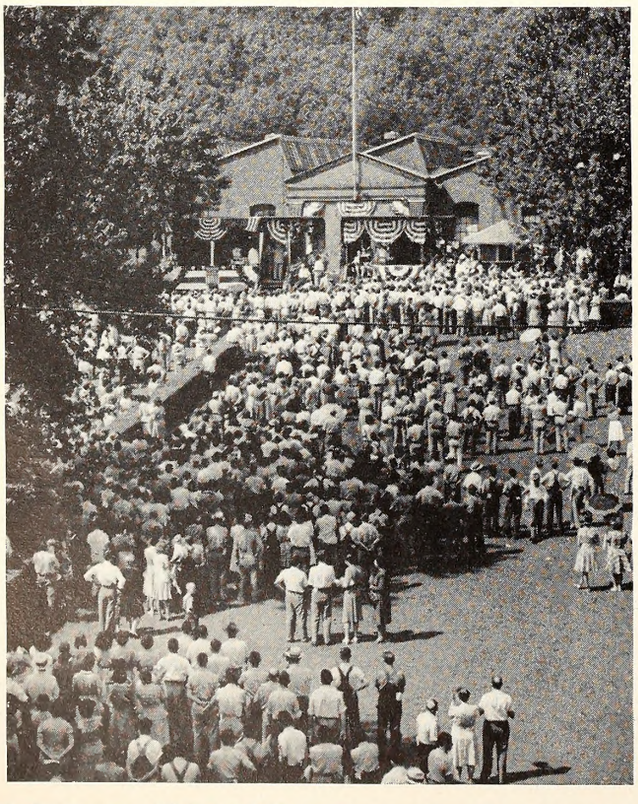
However, the fact that many married women do carry two jobs simultaneously, as workers and homemakers, should indicate a way to mobilize those still tied to their households. Let them divide their time, giving as much as they can to war industry, but reserving a few hours for carrying on the home front. Better two women sharing part-time in war work than a labor shortage, even if it doubles training time and the load on training facilities. Certainly

(Continued on Page 37)

WAR PRODUCTION AWARDS

(1) Chatham Manufacturing Company's 3,000 men and women assemble to receive their recognition.

All honor is due the North Carolina firms and their workers who have been among the first to receive awards in recognition of their achievement as civilian workers in war production. The Army-Navy "E" was given to the Chatham Manufacturing Company (blankets) of Elkin on August 10th, to the Cramerton Mills (cotton yarns and cloths) of Cramerton on September 18th, and to the P. H. Hanes Knitting Company (underwear) of Winston-Salem on November 5th. The Maritime Commission's "M" pennant was presented to the North Carolina Shipbuilding Company of Wilmington on August 30th, and to it on November 15th has been added its first Gold Star for continued meritorious ship production. These were the first companies in the state to be decorated.



(2) Cramerton Mills' 2,000 workers gather for presentation ceremonies.

The right to fly the Army-Navy "E" flag is won by virtue of meeting several conditions. Recipients are selected not only on the basis of the quality and the quantity of production in the light of available plant facilities, but are also judged deserving with regard to such factors as the successful overcoming of production obstacles, the avoidance of stoppages, the maintenance of fair labor standards, the training of additional labor forces, effective management, the record on accidents, health, sanitation, and plant protection, and the utilization of sub-contracting facilities.

Since 1906 these "E" awards have been made for excellent performance in the Army and Navy, but since our entrance into the present conflict, the Army and Navy expressed a desire to reward industry for exceptional performance fought on the production front.

While the award flags fly over the plants, each and every worker, man and woman, who helped to win the pennants is entitled to wear a lapel pin or merit badge indicating his part in the total production achievement. These are, in essence, war decorations for efforts above the call of duty.

The flying of the "M" pennant and the Victory Fleet Flag is symbolic of a company's being on the Maritime Commission's production honor list. The pennant is awarded to any shipyard when it consecutively delivers Liberty Ships into service in 105 days or less from keel laying to delivery from all its shipways. The North Carolina Shipbuilding Company surpassed its own record with the birth and delivery of its twentieth ship in 62 days.

In the words of the Army chiefs who made two of the "E" awards, they cannot be won by manage-

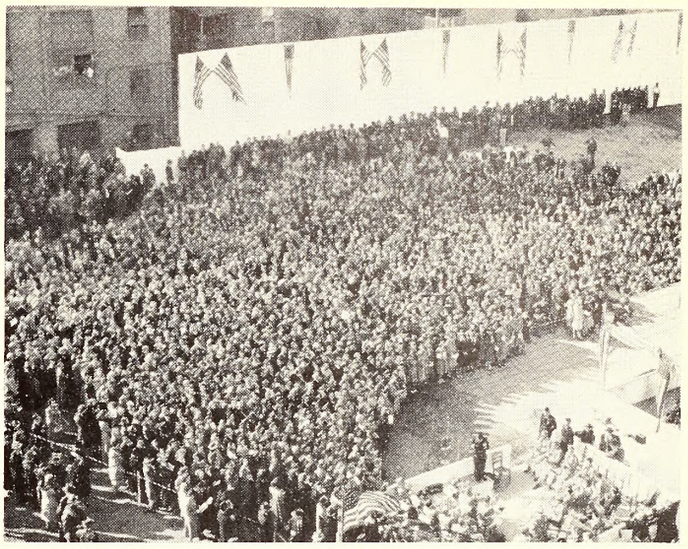
TO NORTH CAROLINA FIRMS

ment alone. They are won by the whole-hearted efforts of all of the employees in a factory. They are won only by a plant whose workers know that they are taking an active part in the business of supplying our soldiers with the equipment needed to crush our enemies.

Our whole scheme of life is based on free enterprise. This free enterprise, this American industry, isn't just management, not just transportation, not just mills, farms, or mines, machines and packing houses. It includes labor, hard labor, willing labor putting forth its best efforts in mass production in order that that same labor with the wages it receives can buy and enjoy the many things free enterprise can, in time of peace, manufacture. Today, America works, fights, saves for Victory!

Two other North Carolina firms and their workers are now also among the chosen company of those receiving war production awards. Both the Edwards Company (engines) of Sanford, and the Carolina Aluminum Company of Baden have recently ascended to the "E" class. Unfortunately, at the time of going to press, pictures of their workers who are among those to be congratulated, are not available for inclusion here.

(4) The men chosen at the North Carolina Shipbuilding Company to receive the emblems as representatives of their 14,575 fellow workers. Left to right: E. F. Stallings, Anglesmiths; W. T. Hague, Pipe Shop; James Evans; Erectors: T. T. Fisher, Steel Storage; L. S. Everett, Warehouse; A. B. Riggs, Painters; H. F. Howie, Fitters.



(3) Some of the more than 3,300 workers honored at award exercises of P. H. Hanes Knitting Company.

WHY WOMEN DON'T LEAVE HOME

(Continued from Page 35)

if war industry is desperately in need of extra help from our women, it can regulate the hours of such work to make it possible for our wives and mothers to take some of it.

And this is just what has been done in one instance where an employment office manager suggested to a factory superintendent that he might solve his labor shortage by offering shorter shifts to women, with a choice as to the time of day. A radio broadcast brought out the women, and the employer's order was filled.

MANY MORE WORKERS UNDER U. C. PROGRAM

The same industrial war boom which has so reduced unemployment has brought to the Commission increased responsibility for collections. In the first eleven months of 1942, as many as 1,273 new employer accounts have been added to the records, bringing the total number of active accounts up to 10,073 by the 30th of November.

By the same token, the number of workers now protected by the unemployment compensation program shows a tremendous increase. For the first quarter of 1941, wage credits were reported for 618,113 employees; but for the third quarter of 1942, there were 826,153 workers for whom their employers were paying unemployment insurance premiums. The records of the wage credits of all these workers must be faithfully kept against a time when they may have to apply for benefit payments.

Compulsory Health Insurance (1)

Recent developments on legislative fronts have served again to focus attention on the subject of public systems of health insurance. Proposals for these are not new in this country—they lived and languished during and after the last war, and had another day in court in the late nineteen-thirties at the time of the hearings on the Wagner National Health Bill. Since the passage by Rhode Island of a pioneer sickness insurance law in April of this year, and the introduction in the last Congress of Mr. Eliot's bill (H. R. 7534) to extend the provisions of the Social Security Act to include among other things a system of temporary disability and of hospitalization benefits, discussion of compulsory health insurance measures is coming to the fore.

There can be no question but that the lack of health insurance in our social security program has constituted a wide open gap. It is in this respect that social security at present is most obviously inadequate. Citizens who work are protected against loss of their pay through lack of work by unemployment compensation, only if "able and available"; and they are protected against injury from industrial accidents and disease by workman's compensation; but neither workers, their families, nor other folk have any public form of protection in this country (outside of Rhode Island) against the economic hazards of sickness. And this in spite of the curious fact that all the early agitation for social security was chiefly prompted by concern for compulsory health insurance.

THE NATURE OF HEALTH INSURANCE

It is important, at this time when specific legislative proposals are receiving consideration, that efforts should be made to cultivate a clear understanding of the social objectives and the underlying problems in a health program. Social concern with health services and medical care rests not only on humane but also on economic and political grounds. Society has a large stake in measures designed to reduce the incidence of illness or disability and to minimize their sequels—a stake which is most plainly evident in the costs of dependency caused by illness or premature death.

Social and economic health measures are directed primarily to the effective organization of health facilities and to the adequate provision of health services. They are only secondarily concerned with the technology of medicine. The content of medicine is the physician's domain. But the circumstances under which he practices and his economic relation to society or to the individual patient are problems of organization—problems in the public domain in which the physician is only one among many who are vitally interested. Health insurance, however, is not a system of socialized medical practice. It is a system of paying the costs of sickness through budgeting and prepayment.

Every now and then a person finds himself too sick to go to work. It is always a shock. It means pain, discomfort, and danger for the individual; and anxiety for those near him. In addition to all of that, to most people it means something more. It means, in our industrial civilization, that the source of income stops, that extra expenditures become necessary, that employment is jeopardized. It becomes necessary to draw upon reserve resources if there are such. It means distress if there are no reserves or when they become exhausted; it means going into debt when credit is available, or going without—a reduction in the standard of living. It means aggravation of those very conditions which cause or contribute to the impairment of health, and it may mean an appeal to charity, not always successful or ample.

It is estimated that the loss of wage income and the costs of medical care total nearly $4,500,000,000 in a normal year. In their impact upon family budgets—large costs may fall upon small purses. The plain fact is that families cannot, even if they would, budget against expenditures which come unexpectedly and which fluctuate within such broad ranges that they may exceed even annual income, and at the same time destroy earning power. Yet the burden of medical costs can be mitigated if the principle of insurance is applied. It is recognized, of course, that neither insurance nor any other budgeting device will solve the problem of those who have no means. For them, medical services, like food, clothing, and shelter, mut be provided.

The inability of people to pay the price of good medical care is the crux of the problem. All available data point out that the prime reason why the members of the poorer half of the population do not receive adequate care is because they cannot afford it.

Because of this evidence of need, charity medical work arose. In the course of time the volume of this work has assumed tremendous proportions. In general, it is not the hospital or the physician who bears the burden of this charity care; the more prosperous members of the community as taxpayers, philanthropists, or paying patients shoulder it for those less able to pay. However, private charity, as an instrumentality for the provision of medical aid to those in the lower income brackets, can no longer do the job. Its place is being taken more and more by public charity, which is to say that government is meeting the need to an increasing extent.

The protection of health has always been considered a proper function of government. At present, governmental agencies in one place or another and in small or great degree provide every service necessary to the prevention and cure of disease. Some idea of the extent of governmental participation is given by the fact that almost one-sixth of all funds expended for medical care is raised through taxation. Institutional care for the insane has become almost entirely a governmental function. Similarly, with respect to tuberculosis, the vast bulk of such care is now provided by government, as well as a substantial portion of all general hospital care.

But neither is public charity the right answer to the sickness problem. There is no reason why a third or so of the country's population, as is the case today, should be transformed into relief applicants or dole seekers when sickness comes. When people are subject to certain events over which they have no control; when these events occasion financial losses so great that people cannot well provide against them by individual thrift; when the occurrence of the event in question, though unpredictable for the individual, is predictable for large numbers, the device of insurance can help. The risk of loss through sickness is an insurable one.

THE CASE FOR HEALTH INSURANCE IN THE UNITED STATES

The tragic need for security against illness in America has been revealed by many studies of the problem. As early as 1909, the National Conservation Commission estimated that in the United States there are probably at all times about 3,000,000 persons seriously ill. This means an average of 13 days per annum for each inhabitant. In 1915-1917, the Metropolitan Life Insurance Company found that over two percent of those studied on a given date were seriously sick. The Ohio Commission in 1919 estimated that nearly three percent of the people and of the workers are sick at all times. The exhaustive studies of the Committee on the Costs of Medical Care indicate that on any day in the year from 2,500,000 to 3,000,000 persons in the United States are ill. Probably today as many as 4,000,000 or more persons are disabled by illness on an average day of the year.

Studies by the National Institute of Health of the United States Public Health Service disclosed that no less than 22,000,000 cases of disabling illness lasting for one week or more occurred during 1935, with a yearly loss of close to 1,250,000,000 days of work in industry, home, or school. In 1936, nearly a quarter of a million women did not have the advantage of a physician's care at delivery. More recently, United States Public Health Reports in 1942 contain the tabulated results of some special studies of the frequency and duration of disabling sickness among industrial workers. These parallel the earlier findings.

The problems of sickness and non-industrial accidents among wage-earners has been stated in summary form as follows:

(1) Rather more than two percent of the population are disabled by sickness or non-industrial accident at a given time;

(2) the percentage not disabled but who have serious affections which may need medical care is distinctly larger;

(3) approximately two-thirds of the wage-earning families will have one or more cases of serious illness in the course of a year and in more than half of these two-thirds, the illness will include that of a wage earner;

(4) something more than a quarter of the workers will be sick or sustain non-industrial accident in the course of the year and a fifth of the entire number will lose a week or more of employment because of the disability caused thereby;

(5) the average loss of working time due to sickness or non-industrial accident is about eight days per worker each year (a total loss of more than 250,000,000 work days);

(6) the wage loss alone is approximately $900,000,000 a year;

(7) well over 90 percent of wage-earning families have medical bills in the course of the year which exceed by about 50 percent the loss in wages caused by sickness;

(8) the wage loss and medical outlays amount to some six percent of workers' incomes;

(9) the burden of sickness and non-industrial accident is very unevenly distributed, and in the absence of cooperation in carrying it, frequently undermines the standard of living and often reduces families to poverty;

(10) sickness and non-industrial accident present a problem to industry as well as to the worker and to society as a whole.

Insofar as there is a solution for the sickness problem, three things are obviously called for: (a) prevention—and it can be accomplished in a considerable measure; (b) adequate medical, surgical, hospital, nursing, and dental care; (c) compensation through a money benefit when earnings are interrupted.

VOLUNTARY OR COMPULSORY HEALTH INSURANCE

The problem presented by loss of income due to disabling sickness and the end of personal earnings has caused a variety of mutual associations to provide their members with sickness and/or life insurance.

But more important than the activities of benefit associations from the point of view of numbers of insured is the fact that commercial carriers entered and extensively exploited the field. Insurance written by private stock and mutual insurance companies against sickness and disability is more extensive than that written by any other type of carrier. In 1933 the net total accident and health-insurance premiums written by insurance companies were $158,575,000 and the total of losses and expenses paid was $103,000,000. With an estimated average annual premium of $18.00, the number insured was approximately 8,800,000. The tendency to expand health insurance in connection with commercial life insurance was, however, given a definite check with the announcement by the insurance companies in 1931 that they would no longer write life insurance containing the total-disability and permanent disability clauses. More accident and health insurance —between 40 and 50 percent—was dropped during the depression than any other form of insurance.

A more promising development than individual health insurance through commercial companies was that of group life and disability insurance. Originally it was sold to employers who wanted to insure the lives of their workers, but it has been applied to sickness and accident as well. The cost of acquisition and administration of group insurance is comparatively low (from seven to 10 percent of the premium), and the policies frequently cover employees who would not be eligible for other kinds of insurance. The benefit is also more nearly adequate than that provided by most trade unions or mutual benefit associations, and even by most fraternal orders.

The considerable amount of voluntary health insurance which now exists in this country, and the rapid increase within recent years in the number of

health insurance plans and in the number of people served by them, indicate that such plans are meeting a definite need and that the persons served have found them beneficial.

However, it is not likely that more than one-fourth of American wage-earners are insured through the numerous institutions available. Voluntary sickness insurance remains the exception, non-insurance, the rule. And most of it is substandard and inadequate. Moreover, those wage earners most in need of sickness insurance to compensate for wage losses when disabled are least likely to have such protection.

The most significant development in medical care is found in group hospital plans. While some of these date back to 1912, the great majority were organized during the depression, which had the effect of decreasing ability to pay and of reducing the income of general hospitals operated on a fee basis. The growth has been most rapid since the American Hospital Association in 1933 and the American College of Surgeons in 1934 officially endorsed group hospitalization as a means of budgeting expenses, and laid down certain principles for guidance.

Following the lead of New York in 1935, 23 additional states (and Manitoba) passed special enabling acts for non-profit hospital service plans prior to 1940, bringing them under the departments of insurance and, in some instances, also the departments of health or welfare. Nine other states ruled, through their attorneys general or departments of insurance, that non-profit hospital service plans are not "insurance" and have permitted them to operate under the general corporation laws, exempt from the regulations covering stock and mutual insurance companies. Among these states was North Carolina. In North Carolina a plan for the entire state is in operation under the sponsorship of the North Carolina Hospital Association, the North Carolina Medical Society, and lay groups.

Under group hospital plans the subscribers pay in advance a fee, ranging from 40 to 85 cents a month, and ordinarily may receive as much as 21 days' care in the hospital, including the use of the operating room and laboratory, but not the cost of the physicians' fees. The membership in approved hospital service plans has progressed rapidly. The enrollment on January 1, 1933, was 200,000; on January 1, 1938, 1,500,000; on January 1, 1940, upward of 5,000,000; and today probably includes some 10,000,000.

Nevertheless, the success of hospital insurance does not alter the fact that a large proportion of the population is too poor to purchase it. And while sickness insurance also grows, there is no prospect that in the near or far future it will include those who most need it. Under all voluntary systems, the proportion of the insured in a definite labor group is in inverse ratio to its economic status.

More than voluntary action is required. In spite of the variety of institutions now providing insurance against loss of income due to illness or accident, only a minority of wage earners are protected. The proportion is probably smaller than in England on the eve of the enactment of compulsory health insurance.

Careful note should be made of the conclusion, recorded in the first minority report of the Committee on the Costs of Medical Care: "It seems clear, that if we must adopt in this country either of the methods tried out in Europe, the sensible and logical plan would be to adopt the method to which European countries have come through experience, that is, a compulsory plan under government control."

HISTORY OF COMPULSORY HEALTH INSURANCE IN THE UNITED STATES

When outside of the United States, most progressive countries of the world have attempted to provide through insurance against the uncertain financial burdens of sickness, the reasons why this country has been so slow to follow suit must be sought in the history of the movement here.

The need for compulsory health insurance has long been recognized in the United States. During two fairly distinct periods it has been under active discussion. The first of these began about 1915 and lasted for four or five years; the second period covers the last ten years, during which the movement has again become a real issue in this country.

The earlier movement was primarily set off by the passage in 1911 of the British health insurance law. It expressed itself in an educational and legislative campaign for social insurance, led by the American Association for Labor Legislation. In 1912, a National Committee on Social Insurance which the Association had created, organized the First National Conference on the subject. In 1915, with the help of a committee of the American Medical Association, a draft for a health insurance act was prepared which came to be known as the "Standard Bill." Health insurance measures were introduced in three states in 1915 and in twelve states in 1917. Several commissions were created to investigate and report. The peak of legislative interest was reached in 1917 when such commissions were set up in eight states. Five of them (California, Illinois, Massachusetts, New York, Ohio, and Pennsylvania) reported favorably. No bill was passed, although New York came within a few votes of enactment.

By the end of 1918, the health insurance movement had been crippled by the organized opposition. The strongest opponent was, of course, the insurance business, which objected particularly because of the proposed funeral benefits. According to those who played an active part in this early movement, the inclusion of a small funeral benefit in these bills was one of the main causes for the failure to enact any law. At the time, the American Medical Association did not either officially oppose or approve the legislation; some state and county medical societies vigorously opposed, but some approved. The druggists and patent-medicine manufacturers were against the proposals, and for obvious reasons, the Christian Scientists also. Though many individual employers favored the legislation, strong employers' organizations opposed it, among other reasons because of the

charge which would have been placed upon industry. While the American Federation of Labor conventions took no stand, the weight of President Samuel Gompers and the Executive Council was definitely placed against the measures. Some state federations followed Gompers' disapproval; others, such as the New York Federation, energetically pressed for the legislation. The American Hospital Association and the National Organization for Public Health Nursing endorsed compulsory health insurance at this time.

By 1921 interest had died down, and in that year, the American Medical Association formally denounced compulsory health insurance. Although the movement had been defeated by public indifference, conflicts with vested interests, opposition of labor and of medical groups, political ineptitudes, and the cross currents following the first World War, nevertheless the demand for the enactment of health insurance which had been voiced, mirrored and focused the problems of health needs.

Some years later the issues again became prominent. Medicine had become more complex. Public education had brought an increasing realization of the benefits of modern medical service. Despite the glow of prosperity enjoyed in the nineteen twenties, it was already widely recognized that large proportions of the population could not purchase the medical care they needed. This was a period of great faith in the impelling strength of factual surveys, and a careful study of medicine, its costs, its place in society and the adequacy of its organization was undertaken.

Several foundations provided the initiative and a $1,000,000 grant for the Committee on the Costs of Medical Care—a non-official body including representatives from many interested fields—which launched a five-year, comprehensive, fact-finding program after its formation in 1927. A large body of information was accumulated. The research work done for the Committee was excellent. That in no other country have the data necessary for an analysis and statement of the problem been so well provided is not disputed. But, as would be expected of a committee representing doctors, public-health men, dentists, hospitals, druggists, scientists, and the public, when the time came to draw conclusions and to look to the future, the Committee divided sharply. A majority report, two minority reports, and some individual statements resulted.

While the Committee as a whole recognized that the distribution of the costs of medical care will not become widespread in some communities, or for certain sections of the population in many communities, unless there is legislation which makes the distribution of these costs compulsory, the conservatism of medical leadership was responsible for the failure of the majority report to recommend compulsory health insurance at that time—ten years ago.

Nine of the members dissented from this stand and recorded their approval of a compulsory system; and, there was general agreement on the significant point that under any insurance plan, medical care and the certification of insured persons for cash sickness benefits should be completely divorced.

Aside from its broad intellectual stimulation, the Committee on the Costs of Medical Care was an important factor in influencing the American Hospital Association to endorse group hospitalization in 1933 and inducing a greater medical society interest in the organization of plans for medical care.

The depression crisis brought proposals for social and economic security within the ambit of national legislation. President Roosevelt in 1934 appointed the Committee on Economic Security to draft a Social Security Bill. The general understanding was that the Committee would include a health insurance title, but when the bill was presented to Congress no such measure was provided. The active opposition of the American Medical Association under the leadership of Dr. Fishbein is usually recognized as the cause of this omission. The health program, which at first was of a piece with the programs for old age, public assistance and employment security, crashed on the rocks of organized professional opposition. However, a strong tide of public opinion was already running in, and compromises had to be accepted. The less controversial public health and maternal and child health programs received professional as well as lay endorsement, and were enacted by Congress in the Social Security Act of 1935.

Thus with the passage of the Social Security Act, suggested measures of direct health relief to individuals were diverted into the federal subsidy for the extension of public health services in a broad general preventive way. The act authorized the appropriation of federal funds to the states for health purposes. Matching grants were made for the extension of maternal and child health services for crippled children. Administration of this is centered in the Children's Bureau of the United States Department of Labor. Other funds set aside for preventive health services are administered by the United States Public Health Service. Although this legislation has resulted in an expansion of public health facilities in some areas, its effectiveness has been diminished by the fact that only the wealthier states can afford to take advantage of the matching grants. The money granted for prevention falls short of what is required, and little is done to meet the needs of people already sick.

No provision was made for the great mass of people who constitute our middle class; those whose earnings are high enough to deter them from seeking public care, but not high enough to defray the costs of any extended illness. Neither was there any provision for the wage loss which disabling illness incurs. Consequently, analysts of the Social Security Act have pointed to compulsory health insurance as the needed next step, and it is significant that only a few weeks after the Act had been passed in 1935, the American Federation of Labor unanimously adopted the following resolution:[2]

"Whereas, Even in normal times sickness is one of the greatest hazards confronting wage-earners, constituting the chief cause of dependency; and

"Whereas, Outside of unemployment, it is today the outstanding fear confronting American workers; and

"Whereas, the American worker during times of illness is not only confronted with a loss of wages but is forced to pay exorbitant medical and hospital bills which frequently force him into debt and poverty; and

"Whereas, Although health insurance has been in successful operation in all industrial nations for more than a generation, the American social security act completely ignores this major problem; therefore be it

"Resolved, that the Fifty-fifth Annual Convention of the A. F. of L. assembled at Atlantic City, hereby goes on record urging the enactment of socially constructive health insurance legislation through Congress and the individual States."

Increasing public interest in health needs and the national scope of the problems, compelled the Federal Government to take the initiative in formulating a national health program. A long-range plan was developed and sponsored by the President's Interdepartmental Committee to Co-ordinate Health and Welfare Activities. It was presented to the public at the suggestion of the President, and after receiving substantial endorsement from representatives of major public groups at the National Health Conference of July 1938, was transmitted to Congress with a recommendation for careful study. The bill introduced by Senator Wagner to implement this program, the public hearings by a sub-committee of the Senate Committee on Education and Labor, and the preliminary report of August 4, 1939, to the Senate indicated that the time for action was drawing nearer.

In the proposed Wagner Bill, a title "Grants for Temporary Disability Compensation" provided for federal grants to state disability compensation systems. Behind the drafting lay the following considerations: Almost all the states had had some years of experience at administering a limited type of disability compensation, namely, disability from work accidents or occupational diseases, under the workmen's compensation laws. Since the commencement of unemployment insurance payments, a special demand had arisen for disability compensation on the part of the workers who could see no common sense in the distinction between economic unemployment and sickness unemployment. Theorists also attached importance to the present federal-state unemployment insurance program insofar as a disability law is concerned. The majority of students held that disability compensation should be administered by the unemployment insurance systems, so as to extricate the doctors from their difficult position, betwixt the patient urging liberal certification and administration pressing for strict certification, commonly found abroad where disability payments have developed as an integral part of health insurance laws. In that sense, the present federal-state unemployment compensation system was a direct forerunner of the disability portions in the Wagner Bill.

Although the Wagner National Health Bill failed of enactment, perhaps because it attempted to accomplish too many things at once, the impulse toward better and more complete health legislation which prompted the drafting and introduction of such a bill has continued to gain in strength and to manifest itself in many ways, chiefly in the number of health bills before state legislatures. Contemporary with the Wagner Bill were many state proposals. Discussion of measures in the more recent literature on the subject shows a trend away from arguing the need of more health legislation—specifically compulsory health insurance—toward critiques of various concrete suggestions for the embodiment of health insurance in specific acts. The need for health insurance is accepted; it no longer ranks as a debatable question. It only remains to determine what form it shall take.

PLANS FOR COMPULSORY HEALTH INSURANCE

Suggested plans for compulsory health insurance systems are generally alike in that they propose that the beneficiaries should pay the premiums—a part if not all—but that the cost of administration should be met by government and offset by taxation. As a rule all aim to do two things: provide cash benefits to take the place of earnings during illness, and provide medical care. In most of the schemes, the eligible persons contribute in proportion to their earnings, but nevertheless all receive the same benefits.

It is understood that insurance for the provision of medical aid and insurance to give protection against income loss are devised to meet separate and distinct needs; that the administration of the one should be separate from that of the other; that a disability insurance plan should be state administered; that the employee should contribute; and that the features of the system will need to be accommodated to the existing schemes of unemployment compensation. It should at first be limited to those covered under unemployment compensation, and the benefit amounts should be the same.

At the time the Wagner National Health Bill of 1939 was being considered, legislators in 44 states introduced approximately 285 bills dealing directly or indirectly with provision of medical services, with payment of cash benefits for disability, or with regulations of public or private agencies engaged in the promotion of health activities. Of these bills, 110 were passed. Nine states at this time discussed bills relating to some aspect of compulsory health insurance. All told, 19 bills were introduced, of which two providing for investigating commissions were passed.

These legislative proposals for compulsory health insurance showed two different approaches; one called for legislation along the lines laid down by the American Association for Social Security in its "Model Bill"—a much revised version of the earlier "Standard Bill"; the other called for the inclusion of health insurance benefits within the framework of existing unemployment compensation laws.

The model bill proposes to cover all employees subject to the state's jurisdiction except (a) those engaged in manual labor receiving in excess of sixty dollars a week, and (b) farm laborers, and domestic servants in households having less than three servants. The cost of this system, equivalent to a total of 6% of pay rolls, is to be borne jointly by employers, employees, and the state. The state government is to contribute to the system an amount

equal to 1½% of pay rolls. Three types of benefits are provided: medical, disability, and maternity benefits. The first consists of medical services provided in kind; the last two of cash payments. The system is to be administered by a special Health Insurance Commission.

In January of 1942, with respect to social security, President Roosevelt recommended "the addition of permanent and temporary disability payments and hospitalization payments beyond the present benefit programs . . ." Many questions as to what was meant by hospitalization payments drew forth from Mr. Altmeyer of the Social Security Board a letter to hospital authorities reading in part as follows:[3]

". . . a beneficiary under a cash benefit system could have right to assign his benefit to the hospital which furnished the service or to a hospital insurance system of which he may be a subscriber . . . it has been contemplated from the beginning that hospitalization payments should be made in respect to hospital service received in existing hospitals and with fullest use of practices developed by professional and other agencies . . . for the approval of hospitals as qualified institutions . . .

"A social insurance system does not and need not undertake to furnish complete protection to all whom it covers under all circumstances. The social insurance approach is to assure that the benefits would provide a minimum protection, leaving to the individuals the responsibility of buying additional protection, from private sources through their private means."

But before the Administration took any action on the President's recommendations, a definite development in the field of compulsory health insurance came with the passage in Rhode Island of its *Cash Sickness Compensation Act*, effective May 10, 1942.

This new law provides cash compensation for unemployment caused by a worker's sickness disability to employees of all employers subject to the state unemployment compensation act, and is administered by the Unemployment Compensation Board. An individual becomes eligible for benefits after a waiting period of one week, if his unemployment is due to sickness and if he has been paid wages of at least $100 in covered employment during the preceding calendar year, or base-period. The manner in which claims are filed, payments made, and the amount of such payments follow R. I. unemployment compensation practice. Reasonable physical examinations may be required for certification. The sickness-compensation fund is made up from a 1% tax on workers' wages up to $3,000 a year. Employers are responsible for withholding contributions from wages and transmitting these to the fund.

This law has been widely heralded; and it has been both criticized and praised. Comments run about as follows[4] The fact that the inspiration for health insurance comes from a state capital and not from Washington has warmed the heart of states-rights ers. If national health insurance follows, individual state experiences will be important in shaping a federal system. Indications are that country-wide interest in this new legislation is concerned with possible early action elsewhere, more than 40 states will have the opportunity in regular legislative sessions this coming winter. This interest is being directed immediately to the new law's administration and the streamlining of procedures linking unemployment compensation with cash sickness insurance.

Also meanwhile, there was introduced in Congress by Representative T. S. Eliot, former counsel for the Social Security Board, H. R. 7534, providing for sweeping changes in the present Social Security Act, and including as did the Wagner Bill a title looking toward sickness disability benefits. Specifically it proposed to:

(1) Extend coverage to domestic and farm workers and self-employed.
(2) Increase old age payments from $1.50 to $8 a month.
(3) Add a wage tax on workers, 2% and 3% in 1949; no additional tax on employers.
(4) Provide a benefit—same as old age insurance—to workers disabled for more than 6 months, exclusive of accident or injury.
(5) Federalize state unemployment benefits.
(6) Furnish workers disabled for less than 6 months, except through accident or injury, benefits equivalent to unemployment compensation.
(7) Set up system of hospitalization benefits.
(8) Provide for unemployment compensation to soldiers, to be paid by United States Government out of general fund.
(9) Make national employment service permanent.

H. R. 7534 died in committee. Similar all-inclusive bills that may be brought before the next Congress, like the Wagner Bill, may fail for the very reason that they comprehend so much. The Rhode Island categorical approach to one feature of a health insurance program is apparently more feasible legislatively. Whatever else may be said of the advantages or shortcomings of the Rhode Island law, it certainly is an expression of certain principles advocated by the majority of students and writers. It attacks the problem of wage loss to workers and their families by provision of cash sickness benefits as a separate item from any consideration of medical care; it links disability payments administratively with an already functioning system of unemployment benefits—eliminating duplication of reports and wage records; it taxes the covered worker for the health insurance premiums—a contribution justified on both practical and moral grounds.

An example has been set by Rhode Island which many other states, whether or not they have previously considered compulsory health insurance measures, will probably not be long in following.

NOTES

(1) Materials for this account of Compulsory Health Insurance have been compiled from the following: Armstrong, B. N., INSURING THE ESSENTIALS (1932) 284-370; Burns, E. M., TOWARD SOCIAL SECURITY (1936) 106; Committee on the Costs of Medical Care, MEDICAL CARE FOR THE AMERICAN PEOPLE (1932) 121 ff.; Davis, M. M., *Moving Toward Health Security* (March 1942) 31 SURVEY GRAPHIC 133; Douglas, P. H., SOCIAL SECURITY IN THE UNITED STATES (1938) 238; Epstein, E., The Case for Health Insurance (Pamphlet reprinted by the Amer. Assn. for Social Security from 1935-1936 Debate Handbook), INSECURITY—A CHALLENGE TO AMERICA (Revised ed. 1938) 411 ff., The Revised Model Bill for Health Insurance, pp. 13-14; Falk, I. S., *An Introduction to National Problems in Medical Care* (1939) 6 LAW & CONTEMP. PROBLEMS 497-506, SECURITY AGAINST SICKNESS—A STUDY OF HEALTH INSURANCE (1936); Goldman, F., *Voluntary Health Insurance* (March 1941) 77 SURVEY M. 80-82; Klem, M. C., *Some Recent Developments in Voluntary Health Insurance* (Aug. 1942) 5 SOCIAL SECURITY BULLETIN 5-16; Millis, H. A., and Montgomery, R. E., LABOR'S RISKS AND SOCIAL INSURANCE (1938) 242-352; Maslow, H., *The Background of the Wagner National Health Bill* (1939) 6 LAW & CONTEMP. PROBLEMS 606-618; Norby, M. E., *Hospital Service Plans, Id.* 545-558; Reed, L. S., *Legislative Proposals for Compulsory Health Insurance* (1939) *Id.* 628-644; Rivet, K., *Lost: A National Health Program* (Sept. 1941) 31 AMER. LABOR

(Continued on Page 50)

Notes On Operations

U. C. C. ORGANIZATION

The organization and personnel of any government agency charged with the administration of a program set up by law is a matter of public interest. Since the publication of the 1940 Biennial Report of the Unemployment Compensation Commission of North Carolina, when its administrative organization was charted and described, two important changes have taken place. The first of these was the result of the Reorganization Bill passed by the 1941 General Assembly and effective in July of that year. The second was the removal of the Employment Service Division from state to national control on January 1, 1942, at the request of the President. In consequence, the adjustments and realignments that have developed within the Commission are giving it a new character.

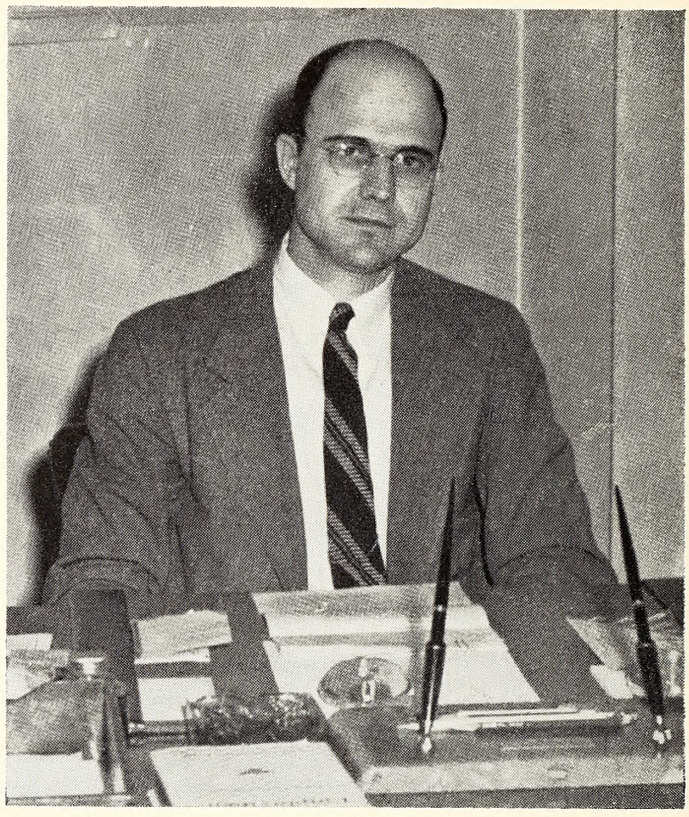
Mechanically, the present administrative organization of the Commission is set out on the chart which has been redrawn and is printed herewith. As an integral part of the present system as defined by this chart, special emphasis is being placed on personnel training.

By way of introducing the new organizational chart to Commission personnel, W. R. Curtis, Acting Chairman, issued the following statement:

"The broad objective of the Unemployment Compensation Law is the prompt payment of benefits to eligible unemployed North Carolina workers. We in the Commission are charged with the responsibility of administering the Unemployment Compensation Law. The Law, therefore, fixes our objective, and our job—the job of each of us—is to work together toward its accomplishment. We are responsible to the people of North Carolina for the manner in which we administer our Law, and each of us, in a very real sense, occupies a position of trust.

"In order promptly to pay benefits to eligible unemployed workers, it is necessary that we carry on many different activities. To mention only a few: We must collect contributions; we must maintain wage records; we must issue pay orders; and we must write benefit checks. These various activities are carried on in different Departments, Sections, and Units. If these different Departments, Sections, and Units are to work together effectively toward our common objective, each of them must *understand* and properly *perform* its functions, and all must fully appreciate and accept the interdependence that exists between them.

"In order to inform each Department, Section, and Unit of its functions, as well as its relation to every other Department, Section, and Unit, we recently developed a new organization chart. In an agency as large as ours, sound organization is absolutely essential; an organization chart is likewise essential if all the Departments, Sections, and Units are to know their place in the organization. The chart is intended to be a picture of the manner in which we are to work together. The chart fixes the responsibilities and functions of each Department, Section, and Unit for all to see.



W. R. Curtis—The Man in the Chair

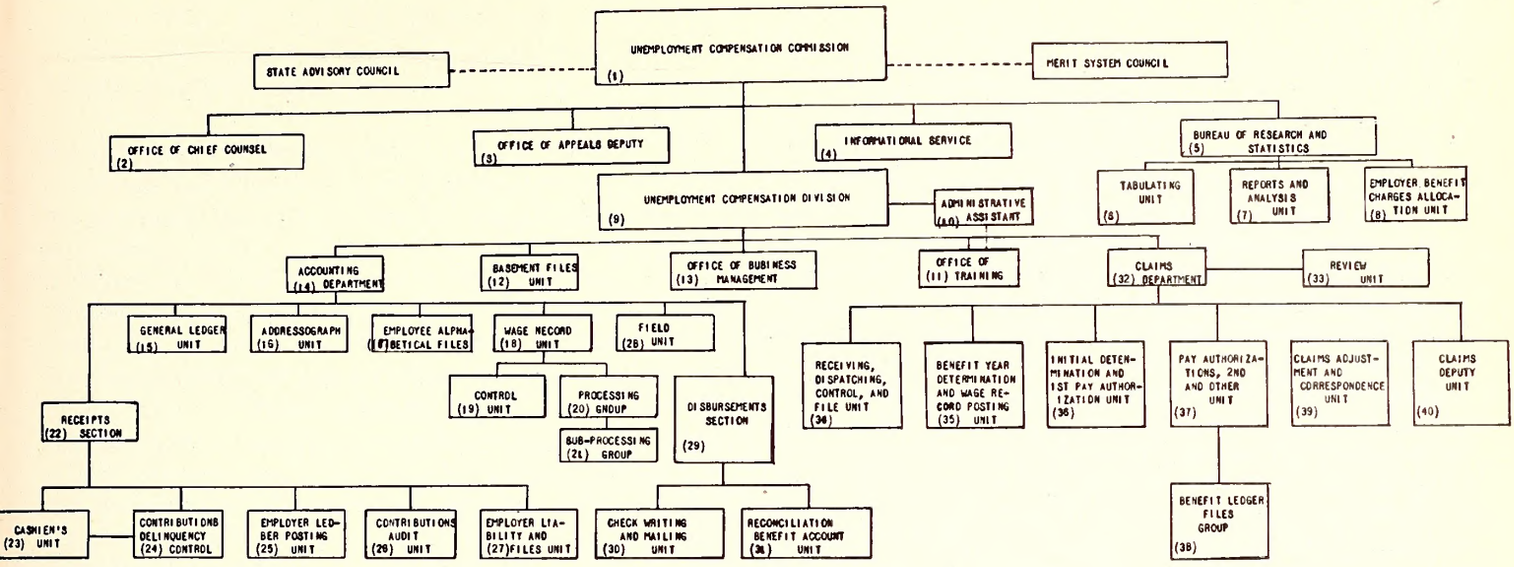
"I should like to emphasize that the purpose of the organization chart is to enable us to work more effectively together, by informing each Department, Section, and Unit of its functions and of its relationship to every other Department, Section, and Unit.

"I emphasize just as strongly that it is *not* the purpose of the chart to set up any areas of special privilege, or to "freeze" anyone to any position, or to deny to any individual the right to a full and fair hearing on any matter that concerns him.

"Many of you sometimes have questions about merit examinations, merit system rules, salary regulations, and similar matters. You, of course, can ask your supervisor to answer your questions, or to obtain answers for you. However, to assist the supervisors, we have asked Miss Irma Johnson who is in charge of training to assume responsibility for answering such questions, and you are invited to go to her for information whenever you wish. In addition, Miss Johnson will be glad to discuss any other problem with you. You will find her wide experience in personnel work of great value.

While problems connected with your work will normally be cleared through charted channels, both Mr. Martin, the Director, and I urge that you come directly to our offices at any time, if you have any special problem on which we can help you; or if we can be of any assistance to you; or on any other matter."

ORGANIZATIONAL CHART—UNEMPLOYMENT COMPENSATION COMMISSION OF NORTH CAROLINA



PERSONNEL TRAINING

The North Carolina Unemployment Compensation Commission has recognized and accepted the principle that training is a function of management and necessarily a part of each supervisor's job. Due to the reorganization of the training program following the removal of the Employment Service Division from the Commission, it is necessary to restate the Commission's policy with regard to the function of training within the organization.

While each training activity is designed to meet an existing need, there are certain objectives of a general nature that are common to all training programs whether in business or public administration. This statement is for the purpose of setting out these objectives, outlining the means by which the to develop a better understanding of the purpose of objectives are to be attained by the Commission, and training.

The objectives of training are:

1. To prepare employees to perform their individual tasks more efficiently.
2. To increase each individual's understanding of his job and its relationship to other jobs in the organization.
3. To achieve versatility of performance through a better understanding of the details of the employment security program.
4. Whenever possible to assist employees in qualifying for promotional opportunities.

In order to attain these objectives, the Commission will provide the following types of training:

1. Induction training for all new personnel.
2. Continuous job training by unit supervisors of all workers in the procedures, methods, and practices of the work unit, and a continuous check on the output of workers both as to quality of performance and quantity of product.
3. Training in the principles of administration and management for all persons in supervisory positions.
4. Occasional programs for supervisory personnel on the long range social and economic objectives and administrative problems of the employment security program.
5. Whenever possible to provide training designed to assist employees in qualifying for promotional opportunities.

The general administrative responsibility for training is delegated to the training supervisor. The responsibility and function of the training supervisor are established in a staff position in order to make one person responsible for planning and conducting training for the entire organization and for coordinating and balancing the training efforts of the various departments. The delegation of the responsibility for training to a training supervisor does not lessen the responsibility of line supervisors for giving continuous attention to training activities. The training supervisor will work with and through line supervisors. Her activities will supplement—not replace or supplant—the training to be done by line supervisors.

To assist the training supervisor in determining training needs and in planning training to meet the needs, an advisory committee consisting of the Chairman of the Commission, the Division Director, the Chief Claims Deputy, the Chief Auditor, and representative unit supervisors from the Bureau of Research and Statistics, the Claims Department, and the Auditing Department will meet periodically at the request of the training supervisor to discuss the training program and its progress in the Commission. The advisory committee will act in a purely advisory capacity; its function will be to stimulate interest in training and to promote an adequate training program.

The training supervisor may receive information and suggestions concerning the training program from any supervisory or non-supervisory employee,

of the Commission. Information and suggestions may be given through direct discussion with individuals or through group discussions. Employees will be encouraged to make suggestions, regarding the training program, to the training supervisor.

The training supervisor will have the following responsibilities:

1. *Training Plan*—To serve as a guide in carrying the training program forward on a systematic and continuing basis, a training plan will be prepared by the training supervisor for each six months' period beginning with January 1, 1943. The plan will set forth the training objectives for the six month period and the projects to be completed. The objectives will be determined by analyzing the operating needs of the Commission; the techniques to be used in analyzing needs will range from analyses of operating statistics, error sheets, and time and cost records to observation of performance in relation to methods and procedures. Each departmental head and line supervisor will assist the training supervisor in whatever way she finds necessary to make a thorough-going analysis. The plan will be designed to indicate priorities of the projects outlined and the responsibilities of the various operating units and the training supervisor in connection with the carrying out of the project.

The plan will be reviewed by the regional representative of the Bureau of Employment Security and it will be the responsibility of the Commission to carry out the plan as approved.

2. *Training Audit*—In consultation with each operating supervisor, the training supervisor will make a periodic examination of the training program. The examination, or "training audit" will be made for each area of operation and will be directed toward the deficiencies or improvements in operations which are attributable to the training program.

3. *Training Materials*—The training supervisor will see that necessary training materials are available for all training programs. The preparation of materials for job training will be done by the operating staff, with the assistance of the training supervisor. For induction, overall, and promotional training programs, the training supervisor will be responsible for preparing the necessary materials. Copies of all materials prepared will be submitted to the Bureau of Employment Security by the Commission.

4. *Reviewing Procedure Materials*—While operating supervisors will be held responsible for the content of procedure manuals and for changes in these manuals, the training supervisor will be responsible for reviewing the format, indexing, and distributing this material, and for suggesting changes to be made to insure simplicity and clarity of expression.

5. *Training in New or Revised Procedure*—It will be the responsibility of the training supervisor to assist the operating supervisors in planning and conducting training necessary to put into effect new or revised procedures. The training supervisor will assist in planning such training, and will be responsible for the effective presentation of such training. She may conduct such part, or parts, of the programs as may be agreed upon between the operating supervisors and herself.

6. *Induction and Specialized Training*—The training supervisor will be responsible for induction training and for specialized training of occupational groups, which cut across divisional lines. Operating supervisors and staff officials will assist in planning such training by furnishing suggestions and recommendations to the training supervisor and may assist in presenting induction and specialized training at the request of the training supervisor.

7. *Promotional Training*—Whenever possible, the training supervisor will plan and provide training designed to assist employees in qualifying for promotional opportunities. Promotional training may be given in the form of discussion and lecture conferences, guided study, and such other methods as may be found suitable for administering this type of training. The training supervisor may secure the assistance of operating supervisors in planning, preparing necessary material, and presenting promotional training.

8. *Auxiliary Training*—It will be the responsibility of the training supervisor to keep in close touch with auxiliary training agencies and to utilize their services whenever possible in the total training program of the Commission. She will assist in establishing desirable programs of training through the Trade and Industrial Education Department and other agencies.

9. *Coordinating Training Activities*—The training supervisor will coordinate the training efforts and activities of the entire Commission. The operating supervisors will discuss with the training supervisor any training which is to be undertaken in the various units. The training supervisor will integrate the training project of the individual operating supervisors into the total program.

10. *Training Reports*—The training supervisor will prepare necessary reports of the Commission training activities. She will secure reports covering the training activities carried on by operating supervisors from the supervisors concerned and will incorporate these reports into such final reports as may be required.

11. The training supervisor will be responsible for making such visits to local offices as the Commission may deem necessary for the purpose of securing information, studying operating practices, or presenting training designed to assist field employees in the better performance of their duties.

12. When so delegated by the Commission, the training supervisor will attend training institutes and conferences that may be held for study or discussion of the employment security program and problems of their administration and management.

MATERIALS PREPARED BY OFFICE OF TRAINING[1]

Manuals

1. Practice Exercises, Training Manual No. 1
2. Keys to Practice Exercises, Training Manual No. 2
3. Stenograhic Style Manual
4. Training Plan (2-1-40 to 9-1-40)
5. Training Plan (9-1-40 to 7-1-41)
6. Proceedings of Supervisors' Training Conference, Series No. 1
7. Proceedings of Supervisors' Training Conference, Series No. 2
8. Proceedings of the October Quarterly Meeting of Area Conference Leaders
9. Proceedings of the January Quarterly Meeting of Area Conference Leaders.
10. Proceedings of the April Quarterly Meeting of Area Conference Leaders
11. A Course in Letter Writing

Pamphlets

1. Stages in the Development of Unemployment Compensation
2. Discussion Leaders' Outlines (January-June)
3. Summary of Area Meetings (October and November)
4. Telephone Techniques
5. Digest of Personnel Regulations
6. Comment Schedule
7. Classification
8. Interviewing
9. Selected Reference Reading—Interviewing
10. Selected Reference Reading—Managers and Interviewers
11. Digest of Social Security Act
12. The Fair Labor Standards Act
13. Digest of Federal Labor Laws
14. The Interview in Farm Placement
15. Analysis of North Carolina Labor Laws
16. The Conference Method
17. Brief Explanation of Amendments to Title IX, Social Security Act
18. Information on Old Age and Survivors Insurance
19. Flow of an Initial Claim
20. Wages and Hours

Exercises

1. Dictionary of Occupational Titles and Codes, 1-11, inclusive
2. Claims Examiner Training (4)
3. Merit Examination Training, I-XX, inclusive

Charts

1. Claims Flow Chart
2. Federal Security Agency
3. Entry Occupational Titles
4. Sub-Classification Groups

(1) Includes those developed for the Employment Service Division.

TREND IN THE BENEFIT PROGRAM

With its report for November, the Unemployment Compensation Commission of North Carolina found that claim loads and the number of checks paid out were again still lower than ever before in its history. The declining trend in the disbursement activities of the Commission has continued since June, when unemployment in this state dropped below all previous levels since the Commission began operations over five years ago. All phases of claims activity declined in October from September levels. Although 12 of the 48 local employment offices registered an increased number of initial claims—the largest of these being reported by Statesville and Washington—the total number of initial claims throughout North Carolina dropped 30 percent from September; continued claims declined by 23 percent; and the number of checks issued was lower by 13 percent. November claims followed a similar pattern.

Against the peak of 114,413 benefit checks which the Commission paid in August of 1940, the decreasing levels in 1942 show a marked contrast. For instance, the number of unemployment benefit checks written in January of this year was 57,979, in February, 48,737, in March, 46,031, in April, 39,148, in May, 36,331, in June, 29,317, in July, 30,135, in August, 31,609, in September, 23,198, and for October 20,425, and for November, only 12,823.

The Commission recently adopted the practice of mailing checks direct from the central office in Raleigh to individual recipients, rather than having them distributed by the local office. The number of benefit checks sent out in October was 50 percent below the number distributed a year ago, and 69 percent below that two years ago.

Throughout the state, local employment offices have been recording fewer and fewer claims. The totals show relative decreases in both initial and continued claims, from month to month as well as from the same months in 1941 and 1940.

APPEALS INCREASE

In spite of decreasing claim loads for unemployment benefit payments, the number of cases being appealed for redetermination to W. F. Renfrow and Z. V. Gambill, the Commission's two deputies, has shown a decided increase in recent months. In May 1942, 111 claimants brought their cases up before the appeals deputies—a greater number than had appealed in any previous month. In October, the number reached 131. The total number of appeals for the four months of August through November was only slightly less than the number of appeals during the whole year of 1941; and the average number of cases received was just about three times the 1941 monthly average.

When filing a claim for unemployment benefit payments, each individual worker is given an opportunity to express any dissatisfaction with the handling of his particular case. This is the worker's right of appeal. Initial hearings in contested cases come before the Commission's 15 claims deputies, and are held at the local employment offices through-

out the state. Further appeals by claimants, such as those referred to above, are heard by the appeals deputies. Then if the claimant is still dissatisfied, the case may be brought before the Commission in Raleigh and beyond that taken to the Superior Court.

In recent months, practically all cases received by the appeals deputies have been those of women claimants and are concerned with the issue of availability for work. Most of the appeals from women arise because of the position taken by the Commission that a female claimant is not available for work within the meaning of the law until she has made definite arrangements for the care of her children and the performance of other domestic duties.

Other appeals from the women are concerned with benefits forfeited for four to seven weeks as a result of voluntarily leaving their last employment in instances where they have quit work to follow their husbands to other localities. For if it can be shown that this is a voluntary leaving "with good cause," the claimant may not be disqualified from benefit payments. This question is occurring more frequently in the appeals, with the greater movement of workers from place to place in answer to the demands of war industries.

U. C. C. MEN IN THE FIELD

During the summer and early fall months an emergency situation brought on by the war, in the service of which the Commission has lost many of its most experienced men, necessitated eleven new appointments and a reallocation of territories among the 17 field representatives, 15 claims deputies and two traveling auditors who represent the Unemployment Compensation Commission throughout the state.

All of the men were called into Raleigh headquarters at the time the adjustments were made for special conferences with regard to their assignments. The new personnel are expected not only to fill vacancies but also to make possible additional services not heretofore given.

Claims deputies are charged with conducting initial hearings in cases of contested or disputed claims for benefits. Field representatives act as liaison officers between the Commission and employers having problems regarding compliance with the law and regulations, assist them in making out monthly and quarterly reports, check on establishments to determine if workers there should be protected by unemployment compensation, and collect delinquent contributions due the fund.

MILITARY LEAVE

Military leave is granted to all employees of the Unemployment Compensation Commission going into active service with the armed forces. This means that their positions, or similar positions, will be available to them on their return. Military leave applies equally to women enlisting with either of the official units known as the WAACS and the WAVES, although the Commission is not permitted to grant it to either men or women entering non-military services allied to various commands.

AVERAGE ANNUAL WAGES

Interest in the average annual wage of North Carolina workers has developed throughout the State as the result of news items assigning a figure of "less than $700". It is therefore pertinent to enter here a brief discussion of the basic data and the methods by which such estimates may be reached. The "less than $700" figure (it was actually $665) grew out of a sample study of the wages of workers employed at any time in covered employment in 1941, regardless of the length of their employment. Thus it is an average of earnings in covered employment only, rather than an average of total earnings.

Taking the North Carolina average weekly benefit amount of around $7.50 and referring to the benefit table in the law, it is seen that that amount is produced by annual covered wages of $555 to $599.99. But the average annual wage of all covered workers is probably higher than that, because claim loads now tend to be weighted with irregularly employed workers.

The average annual covered wage of workers under Old Age and Survivors Insurance was $578 for North Carolina in 1939. More recent though incomplete figures from the same source put it somewhat higher, but still well under $700.

Considering total North Carolina workers in covered employment and total North Carolina payrolls, it is first necessary to distinguish between a monthly average number of around 532,600 workers reported in 1941, and the total number of different workers, probably at least 775,000, who were in covered employment at some time during the year. There are many workers coming in and many workers going out each month, for instance, those who come from non-covered employment into tobacco processing each year, and the number going into cantonment construction in 1941. Covered payrolls in 1941 were $567,579,000. Divide this among 775,000 and the average is $732 apiece.

While such calculations are all limited to the wages workers earn under the unemployment compensation program, if the figures included the non-covered wages of the same covered workers, the annual average might well be higher. But it must be remembered that these averages are a reflection of actual earnings, rather than of wage scales. Suppose a particular job pays so much a year. If more than one worker holds it during that time, average earnings per worker drop, but the job still pays the same number of dollars.

Unemployment Compensation Commission records reveal that about one-quarter of all the North Carolina firms employing workers covered by unemployment compensation are branch organizations operating in one or more counties. Some 518 central or home offices and their 2,322 branches located in other counties make a total of 2,840 establishments operating on some sort of point basis. The average number of employing units connected with each other as chain or branch firms is between five and six.

North Carolina Moves Toward Industrialization

By S. F. Campbell, Senior Statistician

THE TREND AWAY FROM AGRICULTURE

The industrial importance of an area depends in large measure upon the values that can be added to products in the processes of manufacture. While agriculture is in itself an industry and carries many sub classifications, the production activities of a region are generally referred to as "Agriculture and Industry." If we accept the premise that new wealth comes out of the ground or water, it would probably be possible to show that in the process of growth and harvest greater values are added to agricultural products than to any other form of wealth, but it would also likely be found that if the man-hours of labor in agriculture were charged against its products at the average rate of industry as a whole the values added would be insufficient to pay the cost of production. Hence, any trend from agriculture in the direction of manufacture under present economic conditions indicates a shift toward a higher form of industry, in so far as the distribution of wages to the bread winner is concerned. For that reason, it is of interest to note changes in the complexion of North Carolina production activity.

The population of the state rose from 3,170,276 according to the United States census taken in April 1930 to 3,571,623, as shown by the United States census in April 1940. This was an increase of 12.7 percent. Gainful workers in the 1930 census included all persons 10 years of age and over engaged in a gainful occupation, and in 1940, all persons 14 years of age and over. Yet the number of gainful workers increased during this period from 1,141,129 to 1,333,773, a gain of 16.9 percent, notwithstanding the exclusion of persons 10 to 13 years of age, included in the first census.

The number employed on farms and in forestry and fishing in 1930 was 509,355. By 1940, this number had been reduced to 410,745, a decline in agricultural and allied workers of 19.4 percent. On the other hand, in April 1930 there were employed in manufacture and hand trades 251,281 workers, and in April 1940 this number had increased to 323,920, a gain of 28.9 percent. Not all hand trade workers are covered by the Unemployment Compensation Law, since many such establishments employ fewer than eight workers. However, the significance of a rate of increase in the population is further accentuated by the fact that in May 1942, two years after the census, the number of workers in manufacture actually covered under the law was greater than the total number so employed, according to the census two years before, by 53,652, an increase in two years of 16.5 percent, and an increase from the total number so employed in 1930 of 50.9 percent, compared to a decline of 19.4 percent in agricultural workers during the ten-year period 1930-1940.

From the foregoing, it is clear that during a period in which agriculture lost nearly one-fifth of its working force, employment in manufacture in North Carolina has increased at a rate more than four times as great as the rate of increase in population, and it gives promise that soon the state will cross the border line and become the industrial empire of the South.(1) In fulfillment of this promise, its high rank was brought to light by the *Census of Manufacture, 1939*(2) indicating North Carolina's place in the picture of industrial production for the United States as a whole.

(1) Agriculture still predominates as, according to the 1940 census, 35 percent of the labor force of the state was employed in a agriculture, compared to 27.6 percent in manufacture.

(2) U. S. Dept. of Commerce, March 1942.

PRE-WAR INDUSTRIAL PRODUCTION

From man-hour data on industrial production in the United States during 1939, a compilation made for the Unemployment Compensation Commission converts figures into volume production and offers some comparisons of special interest to Tar Heels.

One may ask why the record of industrial production in 1939 is of special interest three years later, in view of current radical changes. That year was perhaps as nearly normal as any in the last 15, and a careful analysis of North Carolina industrial experience during that period will be valuable in measuring the effect upon it of subsequent trends due to war conversion, and of gauging the rate of return to normalcy after the emergency is over.

No previous man-hour census embraced such a large proportion of the nation's industrial activity. One taken in 1933 included only 32 industries. In 1935, 59 industries were surveyed, while 105 industries were included in the 1937 census. But the *Census of Manufacture, 1939* included 171 active industries in the United States, some 36,337 manufacturing establishments, and 4,247,303 manufacturing wage earners, or 89.7 percent of the national total employed in the 171 industries.

The data for North Carolina include 78 industries active in this state, embracing 1,343 manufacturing establishments, about half of the total, and 217,104 wage earners. It is not known what percentage of the total number of North Carolina workers employed in the 78 industries is represented by this figure of 217,104 workers included in the survey, but they represented over two-thirds of the state's manufacturing workers covered by the Unemployment Compensation Law in 1939. In that year 46 percent of the total number of workers in the United States covered by the unemployment compensation laws were employed in manufacturing. In North Carolina, 68 percent of the covered workers were so employed, and this ratio was exceeded by no other state, although South Carolina was a close second.

A number of facts stand out from a comparison of state and national averages. The North Carolina factory worker received yearly one-third less in wages than the average such worker in the nation as a whole. Part of this disparity is due to shorter

hours worked, since the state is 44th in the hours per month per worker. Of the 15 southern states only West Virginia and Kentucky worked shorter hours.

The hourly rate was also low, less than two-thirds of the national average. Rates paid salaried employees were not stated, but the salary costs per wage earner man-hour were on an even lower level, being considerably less than half the national average. The annual earnings of the North Carolina factory worker came to $784.64, or 66 percent of the national average. The hourly wage rate was just under 40 cents, or 64 percent of the national average. The 157 average hours per month were two percent less than the national average; and the man-hour salary cost was only 39 percent of the national level.

The ratio of salary costs to the value added by manufacture was 40 percent below the national level. In other words, the ratio of the value added by manufacture in North Carolina to total North Carolina labor costs was 12 percent above that for the country as a whole.

Notwithstanding these low ratios of North Carolina wage rates to national averages, the state paid out in wages to manufacturing workers in 1939 more than twice as much as any two of the 15 southern states, and more than twice as much as any other two of all the states in the South and Southwest, with a total of $170,349,064.68. The two states most nearly approaching this figure were Maryland and Texas, with a combined total of $169,243,708.68 in wages paid.

The value of its manufactured products in 1939 was $1,260,191,935.56. This exceeded that of any other two of the 15 southern states except Maryland and Virginia, which had a combined value of $1,328,240,000. Likewise, the total value added in the processes of manufacture, $447,567,030, exceeded that of any other two states in the southern group except Maryland and Virginia, which had a combined total of $448,340,000. It should be understood that these figures for North Carolina represented only about half of the manufacturing establishments, and two-thirds of the factory workers.

While the state ranks 44th in hours per month per worker, it was seventh in total hours per month; and while it was 43rd in hourly wages per worker, it was ninth in total wages. Although 47th in wage-earner, man-hour salary costs, it was 13th in total salaries paid. Furthermore, North Carolina ranked 32nd in man-hour material costs, but ninth in total cost of material used. Thus, although 33rd in man-hour value of products, it was ninth in total value of products. Likewise, while 42nd in value added by manufacture per wage-earner man-hour, it was tenth in the total value added to products through manufacturing processes.

If, with its 1942 volume of production, its values added in the process of manufacture were equal proportionately to the national average, North Carolina would outstrip all other states except Pennsylvania. And this points to the possibilities of further industrial development in the state, for while the value of all material used in the United States in manufacture is increased in the process by an average of 66 percent, North Carolina products are increased only 55 percent of their value by manufacturing industries.

After paying material costs, which amounted to 65 percent of the value of its manufactured products, and after paying labor and salary costs, in addition, there was left the North Carolina manufacturer in 1939, 20 percent of the value of his products for the payment of all taxes, maintenance, and dividends. The national average for expenses and profits was only a fraction more. Hence, it may be asked, if the value added in the process of manufacture is so much less in this state than the national average, why the North Carolina manufacturer had 20 percent left for expenses and dividends, or only 0.3 of one percent less than the national average. The answer, of course, lies in the smaller labor cost of processing materials, the national average in this respect being 34 percent above the North Carolina figure.

It should be pointed out that minimum wages have been raised in nearly all industries since 1939, so that the present disparity would probably be much less than that shown. However, in 1939 only five of the 78 industries in the state had hourly wage rates equal to the national average, and only five had wage rates equal to the national average wage rate for those identical industries. Of these only cigarettes, broad woven goods, and seamless hosiery are important North Carolina industries.

The character of North Carolina natural and agricultural resources entails a large volume of low-grade manufacture, but much of this could be developed to higher scales of value. For instance, millions of gallons of oil are produced from menhaden shad, peanuts, soy beans, and cotton seed. These oils go to other states where refineries increase the value of the crude product up to several hundred percent. The same is true in some measure with respect to many other products, such as leather, wood pulp, herbs, and ores.

If the value added by manufacture is superior to the value of product as a measure of the importance of industry to a state's economy, then by this yardstick North Carolina fell below the average of state levels in this country by 16 percent. On a cash basis, this meant a potential annual profit of approximately 89 million dollars which North Carolina industry failed to secure in 1939.

NOTE: Any opinions expressed herein are those of the author and do not necessarily reflect the views of the Commission.

NOTES

(Continued from Page 43)

LEG. REV. 117; Rubinow, S. W., THE QUEST FOR SECURITY 1934) 170 ff.; Sinai, *But Health Insurance Is Different* (Aug. 1941) 183 HARPERS 275-282; Shearon, M., *A Review of State Legislation Relating to Medical Service and to Cash Payments for Disability, Proposed During 1939* (Jan. 1940) 3 SOCIAL SECURITY BULLETIN, 34, 46, 50.

(2) Report of the Proceedings of the Fifty-fifth Annual Convention of the A. F. of L. (1935) 393.

(3) (April 1942) 55 MODERN HOSPITAL 56, 60.

(4) See especially: Business Week, July 11, 1942, p. 77; (June and September, 1942) AMER. LABOR LEG. REV.; (August 1942) Social Security.

Textile Manufacturing In North Carolina

One measure of the importance of the textile manufacturing industry to this state is the large proportion of all workers protected by the Unemployment Compensation Law who are engaged in the operation of textile mill plants. During 1942 over 43 percent of all covered workers, or some 237,000 individuals, were employed in the textile industry; and a check of establishments with 50 or more workers listed 507 separate textile mill plants which together employed more than half of all the workers in North Carolina's 1,685 larger commercial establishments.

The accompanying table I shows the important position which the textile industry group has occupied over a period of years among the industry groups covered by the Unemployment Compensation Law. It reveals that the textile industries in North Carolina account for more than two-fifths of all covered workers and for more than one-third of all contributions.

TABLE I.—TEXTILE INDUSTRIES COMPARED WITH ALL COVERED INDUSTRIES

(Data include reports received through June 30, 1942)

Year	Average Number Covered Workers			Contributions (A)		
				Amount		
	All	Textile	Percent of Textile to all	All	Textile	Percent of Textile to all
1936	(B)	(B)	0.0	$ 3,094,020	$ 1,147,530	37.1
1937	452,524	185,991	41.1	7,226,543	2,607,260	36.1
1938	431,107	175.331	40.7	10,182,078	3,493,739	34.3
1939	462,230	199,098	43.1	11,115,274	4,141,983	37.3
1940	474,872	203,322	42.8	11,219,048	4,332,017	38.6
1941	543,360	229,961	42.3	14,546,479	5,688,611	39.1
1942	545,201	236,739	43.4	8,455,393	3,280,257	38.8

(A) In 1936 the contribution rate was 0.9 percent; in 1937, 1.8 percent, and in 1938 and each year thereafter, 2.7 percent.
(B) Data not available.

Table II indicates the relative extent of unemployment among textile workers during the same period covered by the first table.

TABLE II.—COMPARISON OF BENEFIT PAYMENTS TO FORMER TEXTILE WORKERS OF ALL BENEFIT PAYMENTS—1939-1942

Period	Total Payments	Payments to Textile Workers		Percentage Change
		Amount	Percent of Total	
Total	$ 14,178,321	$ 6,468,631	45.6	
Jan.-June 1939	2,478,228	885,697	35.7	
July-Dec. 1939	1,684,768	917.026	54.4	+ 3.5
Jan.-June 1940	2,298,967	1,014,339	44.1	+10.6
July-Dec. 1940	2,275,581	1,218,230	53.5	+20.1
Jan.-June 1941	1,599,202	692,243	43.3	−43.2
July-Dec. 1941	1,924,796	933,096	48.5	+34.8
Jan.-June 1942	1,916,779	808,000	42.2	−13.4

The significant position of textiles in the state's economy has been gained as the result of development and expansion chiefly during the last three decades. This growth has also gained for North Carolina an important place in the national picture of the textile industry. This state now leads all others in the number of cotton mills, cotton spindles; in the consumption of cotton, and in the total value of cotton goods produced, although with the introduction of yarns of other materials, cotton consumption is no longer such an exclusive index.

Reviewing the history of cotton manufacture in North Carolina, it may be divided into three distinct periods: the early beginnings, the period of influx of northern capital into North Carolina for the development of this state's industries, and the present era marked by North Carolina's leadership in cotton manufacture throughout the entire United States.

Prior to the development of the first crude machinery and the construction of small manufacturing plants here, the people of North Carolina were dependent upon goods produced tediously by hand, with the help of home-made spinning wheels and looms. Thus laboriously families and Negro slaves produced homespun from which practically all clothing, except wedding outfits and special apparel, was made.

This early development of the handicraft system enabled North Carolina to produce as early as 1810, products of greater value than those manufactured by factories in Massachusetts. In this year it was estimated that North Carolina families turned out $2,989,140 worth of goods, while the few factories in Massachusetts manufactured textiles valued at $2,219,279. In spite of the present-day scale of factory-manufactured textiles, many sections, notably in the mountains, still produce large quantities of home-made goods of excellent quality and design.

Machinery came to North Carolina with the Scotch Irish and German immigrants from Pennsylvania. The Huguenots and Swiss also were early contributors to the industrial development of the state. In the year 1797, the state legislature authorized Christopher Taylor to raise by lottery five thousand dollars a year for seven years to establish a factory to spin, weave, print, and dye cotton. There are no records that this mill was ever built.

It is generally accepted that the first mill operated by water power south of the Potomac river was that built by Michael Schenck near the present town of Lincolnton, North Carolina, in 1813. Machinery for this first cotton mill was made in Providence, Rhode Island, and by Schenck's brother-in-law, a Mr. Warlick of North Carolina. The mill was burned during the Civil War and was never rebuilt. The oldest mill standing in the state is located in Rocky Mount at the Falls of the Tar River. Erected first in 1817, the mill was burned during the war and rebuilt shortly after the close of the struggle between the states.

Prior to 1910, the growth of the textile industry in North Carolina was steady but not especially rapid. In this year the state had 281 mills, 2,958,235 spindles, and 56,000 looms. These mills used 754,483 bales of cotton and produced yarns and cloth valued at $72,680,000. For the first time, North Carolina reported more individual textile plants than Massachusetts, a distinction which has been held since then.

During the World War and up until the so-called depression, the cotton textile industry in North Carolina experienced a remarkable growth—first in the production of coarse goods, and then more recently in the production of fine yarns. Studies developed by S. F. Campbell of the Bureau of Statistics of the Unemployment Compensation Commission[1] on textile activity tend to challenge the general opinion that this growth of textile production in North Carolina has been due to a movement of textile mills from New England in the early twenties.

The *Textile World*[2] points out that "between 1922 and 1940 the number of spindles in New England dropped from 18,930,000 to 5,884,000. Meanwhile in the south the number rose from 16,458,000 in 1922 to 19,345,000 in 1935." From such comparisons comes the impression that New England's loss was North Carolina's gain. However, the *Textile World* also notes that "one of the reasons for the shrinkage of the textile industry in New England was the fact that many companies had failed to keep abreast of technological developments and attempted to compete with obsolete machinery against the more modern and efficient equipment installed in the newer mills of the south."

That this tells much of the story of North Carolina's growth in textiles is evident from data published by the United States Bureau of the Census in its supplement to the *Statistical Abstract of the United States.*[3] The total number of spindles in place in the United States in September 1942 was 23,924,000, or 13,022,000 less than the average of 1922, about the time the New England exodus is supposed to have begun and when it had 17,939,000 spindles in place. In September 1942 New England had 5,314,000 spindles in place, a loss since 1922 of 12,627,000, as against the national decline of some 13 million. During the same period the number of spindles in North Carolina increased by only 522,000, or from 5,297,000 to 5,819,000. In fact, it had fewer spindles in 1942 than in 1932 by 373,000. Thus the 12 million spindles lost to New England did not come to North Carolina, nor were they replaced by an equal number installed in this state.

While a certain amount of northern capital undoubtedly found its way into this state to nourish the growing textile industry, what has been achieved, except in rare instances has been built from the ground up, with modern and efficient equipment and not with old machinery brought in from other areas. And it is significant that of the 507 manufacturing plants mentioned in the first paragraph of this article, only 13 are operated by home offices outside the state.

However, the growth of textile manufacturing in North Carolina was not abrupt nor has it been continuous. Several perplexing problems had to be solved. Largely agrarian, the people of this state were slow to accept industrialism and work in mills. To develop the water power potentialities of the state, and to construct the necessary system of transportation facilities required both work and capital. Another problem was the market competition from states which had the advantage of an earlier start. Unfavorable reports about the south's ability to manufacture quality goods made it difficult for southern industries to sell their products to the best advantage.

Ups and downs are reflected in cotton consumption, for in seven of the 21 years since 1920, this declined from the previous year, although North Carolina's proportion of the national consumption rose from 16.4 percent in 1920 to 28.9 percent in 1936. In recent years there has been a noticeable trend from the use of coarser to finer count yarns in its weaving mills. Because of the greater values added in the production of the finer count yarns, the volume of cotton consumed should not be over-weighted in measuring textile growth. On such a basis alone, it might appear that at present North Carolina is not holding its own in textiles, even in this year of high production. For while there has been a decline in cotton consumed in only one year since 1934, North Carolina's proportion of the national consumption has dropped since the 1936 peak.

On the other hand, the production of finer count yarns requires more spindle hours per pound of cotton. Active spindle hours have increased in North Carolina from an average per month of 1,447,083 in 1922 to 2,782,734,888 during the first nine months of this year—or a gain of 92 percent, with only a small increase of 9.8 percent in the number of spindles. Whereas in 1923 active spindle hours in North Carolina accounted for 18.9 percent of the national total, in September 1942, with an increase of over a million monthly hours in this state, North Carolina's total was one-fourth more than for the nation.

One important reason for North Carolina's growth and present high rank in textiles, despite a recent decline in its proportion of national cotton consumption, lies in its development and use of synthetic yarns which are replacing a large volume of cotton. A history of the development and use of rayon and nylon is in itself a story, while more recently, aralac, a fiber produced from casein, contained in milk and recognized as a chemical cousin of wool, is being used successfully, whether alone or blended with acetate or viscose. In the use of these new materials, the most modern and efficient machinery has been installed in North Carolina plants. Its operation furnishes a new turn of industry for the state.

The impact of the war in North Carolina's textile industry has increased, rather than diminished its productivity. The general level of textile activity for the first seven months of 1942, returning to the index of cotton consumption, was more than 13 percent above the first seven months of 1941. During summer months it broke all previous records in volume and in ratio to the 1931-1940 trend.[4] For instance, the July cotton consumption of 254,179 bales, stood at 187.5 above the trend level. Active spindle hours of 2,887,660,000 had climbed to 200.7; and the number of 496 hours per spindle in place reached 224.8.

During the first nine months of 1942, textile plants of the state contumed 183,647 bales of cotton,

or 12 percent more than for the same months of 1941. This record-breaking production resulted from orders for military apparel and fabrics required for war use. Present loom output is practically tied to war needs.

The annual report of the Southern Combed Yarn Spinners Association, read at its recent meeting in Charlotte, revealed the progress being made by member mills. In August, 1940, just prior to entering the world program, weekly production of combed yarn averaged 2,088,679 lbs. After one year's conversion effort, the same spindles averaged a weekly production of 3,224,945 lbs., of which approximately 45 percent was going into Government work. In May, 1942, the same spindles were producing a weekly average of 4,091,618 lbs., of which 61 percent was being shipped on Government orders. In other words, within 20 months, the same spindles had doubled their productive capacity. Shipments to the Government had become 125 percent of normal weekly output.

The story of 1942 procurements was voiced before the Association by Maj. Gen. E. B. Gregory, Quartermaster General. He stated in part:(5) "The biggest item in our requirements, of course, is combed twill which we use for summer uniforms. Together with the Navy we expect to take almost all of this year's output of combed twill. It is estimated that about 234 million yards will be produced in 1942, of which we will take about 87 percent. The Navy will take another 10 percent, leaving only 3 percent for non-military purposes." And Lt. Col. J. P. Baum, addressing the Textile Operative Executives of Georgia, shortly afterward revealed that(6) from January through June of this year, textile manufacturers delivered to the Quartermaster Corps over 45,000,000 yards of uniform cloth and well over 50,000,000 yards of herringbone cloth. During the same period, cutters produced in excess of 8,000,000 cotton shirts. Underwear, that is knitted undershirts and shorts, in the amount of well over 25,000,000 were delivered. Even greater deliveries for these fabrics and items are being made in the current six-months period through December. These figures do not take into account similar items used by the Navy, Marine Corps, and other services. For the Army alone, over 140,000,000 yards of tentage duck and substitutes were procured, while during the last half of this year much larger amounts are scheduled for delivery.

North Carolina textile plants are of course performing a large share in turning out required war goods. Already three of them have received awards for the quantity and quality of their production.(7)

NOTES

(1) Business Activity in North Carolina, Current Trends—Sept. 1942.
(2) Chase, *Textiles Foremost in New England Revival* (June 1941) 91 TEXTILE WORLD 76.
(3) U. S. Dept. of Commerce, Sept. 1942 supplement to *Statistical Abstract of the United States.*
(4) Campbell, Business Activity in North Carolina (Summer 1942) 1 U. C. C. QUARTERLY 26.
(5) *Army Needs for Combed Cotton Textiles* (Oct. 1, 1942) 63 TEXTILE BULLETIN 14.
(6) Baum, *King Cotton Helps America Fight a War* (Oct. 1, 1942) 63 TEXTILE BULLETIN 12.
(7) *Supra* pp. 36-37.

PRESSURE OF WAR ON N. C. EMPLOYERS—REPORTS SHOW 281 CEASING OPERATIONS

Although the over-all 1942 picture for North Carolina of employment and unemployment shows the latter shrinking month by month to an irreducible minimum, and the state's economy as a whole well into a boom, the pressure of war on special classes of business has brought certain dislocations which must not be overlooked. If quantitively they have not been large enough to disturb the general level of unemployment, qualitatively the effect on the working lives of persons concerned must have been severe.

Such dislocations are reflected in Unemployment Compensation Commission records by the reports of covered employers going out of business. Through September of 1942, 281 firms previously with eight or more employees have ceased operations.

The largest group of them—94—included local building and general contractors and those engaged in special trades allied to construction, such as deal with "frozen" building materials. The next largest group of 75 firms going out of business were engaged in sales operations, both wholesale and retail, including chiefly dealers in automotive goods and automotive fuel; as well as an additional 10 firms concerned with transportation machinery and equipment and local trucking. As many as 41 sawmill operators are reported closed down—squeezed out between ceiling prices and rising labor costs.

On the other side of the picture, relatively few textile products or furniture manufacturers appear to have suffered extinction.

The majority of these employers folding up, that is 182 of them, did so between April and August of 1942.

As a by-product of war, it is interesting to note that a tailor, located near one of our many army camps, has recently joined the ranks of employers reporting to the Unemployment Compensation Commission for more than 50 workers in his establishment.

OVER A QUARTER OF WORKERS COVERED BY NORTH CAROLINA UNEMPLOYMENT COMPENSATION ARE IN FOUR COUNTIES

Four counties in North Carolina account for over a quarter of the workers covered by the state's unemployment compensation program. Listed on the basis of monthly averages of the number of workers for whom wage credits are reported to the Unemployment Compensation, Mecklenburg leads all the other 99 counties. Guilford, Forsyth and Cabarrus follow, but from no other county in the state were as many as five percent of all covered workers reported.

COVERED WORKERS BY COUNTY (JANUARY TO JUNE, 1942)

County	*Number*	*Percent*	*Cumulative Percent*
Total	545,201	100.0	.....
Mecklenburg	45,101	8.3	8.3
Guilford	40,919	7.5	15.8
Forsyth	30,846	5.7	21.5
Cabarrus	30,503	5.6	27.1
60 Other Counties	397,832	72.9	100.0

Our Supply Of War Workers

BY F. I. BUSBEE, CHIEF OF PLANNING DIVISION, AND BENTON BRAY, SENIOR STATISTICIAN, U. S. E. S.

Under this title are presented two companion articles dealing with our war labor supply. The first, by Mr. Busbee, outlines the national picture against the background of which, the second, by Mr. Bray, describes the state labor situation in detail.

NATIONAL LABOR PROBLEMS

What does it mean to be in a "total war effort," and what is to be the effect on the industrial and economic structure? In considering this question from an industrial standpoint, our discussion deals principally with four important factors: namely, management, plant and facilities, materials, and labor. Where does labor fit into the national process of making "45,000 tanks, 60,000 planes, 20,000 aircraft guns, and 8,000,000 tons of shipping," and more specifically, what is the part of labor in this picture?

First look at the demand and supply. Our total population is now 133 million. Our total labor force during normal times ranges from 40 to 53 million. Excluding 5.5 million in the armed forces, our present labor force is 52 million, with an additional 1.5 million unemployed. From this group of 53.5 million, about 4 million will during 1943 be called to military service. By the end of 1943, our armed forces will total between 9 and 10 million; yet it is conceivable that the number of men in service may reach 20 million. As the number in uniform reaches 10 million, our available supply of labor drops to 49 million; yet 55 million workers are needed to maintain our production schedules. Whence will this needed 6 million workers be drawn? We can get some of them from the retired group and older workers; we shall have to use the inexperienced, the physically handicapped, and others not usually in the labor market; but the majority will come from plant conversions, from transfer of self-employed workers, and through the use of women not now employed.

Look at what has happened abroad and make a forecast of what our labor market will be. The development of our rearmament industries is very closely following the patterns in Great Britain and in Germany. Labor market experience in those nations has shown that labor shortages inevitably develop as war production industries expand, and we may expect that they will become progressively acute unless proper steps are taken to prevent their development.

Our war production program can be said to have five distinct periods. The first year, extending from about May, 1940, to the spring of 1941, was one of slight business up-turn and what we might even call a period of complacency. The second period, which is one of dislocations, material shortages, and labor displacements, has extended through 1942. Although at present our production is stepped up materially, these disruptions continue, but we are entering the third phase. During the third and fourth years this process will continue, and war production will increasingly be stepped up. As we enter the fifth year of the war cycle, we can expect to see about 40 percent of our total production being used in the war effort. At that time we shall have approximately 55 million employed which will be necessary to sustain our economy, and about 22 to 24 million of these will be in war production. According to the National Resources Planning Board, about 50 billion dollars of our national income of 125 billions, or 40 cents in each dollar, will be spent in war production.

Basically, production output is a function of potential labor supply. Budgeting of manpower thus becomes an outstanding problem. In Europe labor shortages became so marked that it was necessary to require a systematic mobilization of all labor resources, and this was done at a relatively early stage of the rearmament program. We must plan now to meet the inevitable shortages of certain classes of skilled labor.

In our total population there are approximately 101 million people who are over 14 years of age and at present only about half, or 52 million, of these are currently employed. The remaining number is made up of home-makers, students, helpers at home, or retired workers and those not interested in employment. In a critical situation, however, such as the one which now exists, many of these can be attracted into our labor force. Those at present employed represent the power and the skill which feeds, shelters, and clothes America and produces goods and munitions for war. Included are farmers and industrial workers, men and women, old and young, and workers of different color, sex, and creed.

The largest untapped source of workers in the United States is women not now in the labor force. Of the 50 million women 14 years of age or older the Census Bureau figures show that only 13 million, or about 25 percent, were a part of our labor force in 1940. Between the ages of 14 and 44, there are 33 million women in our total population. If we apply to the United States the estimate of one British economist that about one-half of the woman population of Great Britain could be employed, we could expect that 25 million women over 14 years of age or 17 million between the ages of 14 and 44 could be a part of our labor force. To meet our war demands it is estimated that 5 million more workers will be needed in 1943. While women not heretofore in the labor force are rapidly entering the labor market, it is estimated that 3 million more will be needed next year. It is expected that over 6 million women will be employed in essential war industries and 12 million in civilian jobs by the end of 1943.

An additional source of labor is the Negro. Every tenth American is a Negro. Since unemployment has been greater among Negroes than among white workers, the Negroes form an even greater proportion of the unemployed labor reserve. An additional source is the physically handicapped. There were

approximately 400,000 physically handicapped persons registered with the United States Employment Service in 1941, many of them possessing skills urgently needed in war industries. Nearly half of the 5,000,000 aliens in this country are unemployed, and over half of the youth of the nation between the ages of 14 and 24, about 14 million, are not normally a part of the labor force.

An important source of labor exists because of curtailments due to material shortages. As industries not essential to the war program continue to face curtailment or complete stoppage of production, displaced workers become available for war production.

The national distribution of the labor supply may be viewed from another angle by means of the following rough comparisons:

(1) In March, 1940, which was just before the start of our defense program, we had the following distribution of our population over 14 years of age:

Army—½ million
Employed—45½ million
Unemployed—7½ million
In school—9 million
In household occupations—29 million
Unable to work—10 million

(2) In January, 1942, the distribution was as follows:

Army—2 million
Employed—49½ million (5 million in defense)
Unemployed—4 million
In school—9 million
In household occupations—27 million
Unable to work—10 million

(3) By September, 1942, the distribution had become something like this:

Army—5½ million
Employed—50 million (15,000,000 in war industry)
Unemployed—2.4 million
In school—7.6 million
In household occupations—26 million
Unable to work——9.5 million

From these figures a shift in unemployment from 7.5 million to 2.4 million and a decrease of 3 million in household occupations may be seen.

Without question, as the war production drive continues, critical shortages for certain occupations will become more acute. It is not too early now to begin taking steps to ease the labor shortage that will inevitably occur. We have three main sources of labor: persons not at present in the labor market; transfers of workers in non-essential activity; and full utilization of those employed in essential activity. With a very definite shortage of skills, war industry must utilize the manpower available and must at the same time utilize existing reservoirs of labor. For certain types of trained workers there was too small a supply even in the beginning of the national defense effort, and the unprecedented demand has practically exhausted the supply. Additional manpower must be trained if it is to fill the need. Opportunities for tapping the labor reservoirs depend upon local conditions, and the methods for easing the labor situation will vary with individual plants.

However, employers may find the following approach helpful:

(1) Revise personnel standards and eliminate restrictions which have hampered the maximum utilization of present skills. Employers in many sections have changed their hiring policies and practices which have heretofore barred qualified workers because of race, creed, color, national origin, age, sex, or marital status. The primary factor when making a decision as to whether or not to hire an individual should be consideration of his ability to do the job.

(2) Make a job analysis to determine whether a high degree of skill is really needed. Through such analyses many employers have found that a worker with less skill could actually perform the job. Employers who have 75 percent of their business volume in war materials may participate in the Manning Table Plan of the War Manpower Commission. The major purpose of the plan is to indicate the form in which the employer should keep the record of his labor force, so as to provide a basis for planning the orderly withdrawal of workers from his industry into the armed forces of the country with the least possible disturbance to production.

Both trained fighters and trained workers are essential to the winning of the war. Trained fighters, however, are more restricted as to age, sex, and physical condition than are workers. The needs of the armed forces will compel the eventual induction into active service of practically all men who can meet the age, physical and other requirements. These men must be released by industry. The Manning Table Plan provides the basis for the withdrawal of such workers at a rate that will allow others not suitable for active service to be trained to replace them.

(3) Make maximum utilization of all available skills in the plant. This can be accomplished through separating skilled tasks from semi-skilled tasks and regrouping them into a new job series, whereby it may be possible to use one skilled man and one semi-skilled rather than two skilled men.

(4) Upgrade employees to positions of greater skill and responsibility. This provides for a continuing training program which will enable each employee to learn to fill the job to which he may be promoted. This also opens the way for hiring unskilled men at the point of intake.

(5) Make full use of all trainees of defense vocational training courses.

(6) Provide opportunity for workers in related occupations and obsolete trades to transfer their basic skills. For example, a loom fixer or a knitting-machine fixer can transfer to an aircraft assembler after a short period of training.

The skills of a cutter in a knitting mill or textile mill are similar to those of a profile-machine operator in a machine shop. A patternmaker in a furniture plant can readily become an airplane woodworker.

(8) Consult the Employment Service on problems involving labor needs. Monthly surveys and numerous special surveys of defense occupations and industries permit the employment office to furnish accurate and timely information. The Employment Service will soon have information about all the men in the community. By receiving occupational questionnaires of Selective Service registrants, the Employment Service holds one of the keys to the production of war materials. As these questionnaires pour into the local offices, hidden skills can be found, and workers can be sent where they will be of greatest value. Within a short time the entire manpower of the nation will be inventoried. This inventory will provide the most comprehensive body of information about men and their jobs in the history of the nation.

(9) Provide for training and use of women in all cases where job studies indicate women can be utilized.

These are some of the things we can and must do, in order to utilize our man- and woman-power. Additional industries must be converted to war production.

As time goes on, more government regulations will be necessary, but in inverse proportion to the extent to which employers and workers can voluntarily adjust themselves and their capacities to war requirements. If employers avail themselves of an orderly recruiting program and when placing an order with the Employment Service do not insist on the type worker desired, but accept the type that will be able to do the job, the war program can be expedited with less compulsion. War materials must be produced, but skills must not be wasted.

NORTH CAROLINA LABOR PROBLEMS

The amount of unemployment in North Carolina during October 1942 as measured by Unemployment Compensation activity, was less than in the previous months of the current year and from 50 percent to 70 percent under the corresponding months in 1940 and 1941. However, as of October 15th of this year, more than 12,000 people had become unemployed, totally or partially, during the previous 30 days. The lay-offs resulted primarily from the completion of several large construction projects and the closing of tobacco processing plants. In most cases jobs were available for the people laid off and the workers channeled through the Employment Service or by former employers to other jobs. Many of the Negro tobacco workers were sent to cotton and peanut harvesting jobs.

Approximately 13,000 workers will be needed in North Carolina before January 1, 1943 on construction jobs, in shipyards, aircraft plants, textile mills, and ordnance plants. The additional workers needed do not include labor turnovers resulting from withdrawals to armed forces or to other jobs. The heaviest demands will be for construction workers at Elizabeth City, New Bern, Rockingham, Wilmington, and Charlotte. The shipyards in Wilmington, New Bern, and Elizabeth City will hire 1,700 or more workers, and the aircraft plants at Elizabeth City, Sanford, and Burlington will hire possibly 1,000 men and women in the next two months.

A recent survey of 324 North Carolina establishments, representing 250,000 employees, indicated critical shortages of 3,400 workers and current needs for more than 4,500 workers. Over 75 percent of the critical labor needs were centered in four local office areas in Eastern North Carlina. Occupations included in the list of ciritical labor needs were: Common laborers, welders, textile weavers, machinists, toolmakers, mechanics, and loom fixers.

At the close of October the Employment Service had more than 550 job openings in the textile industry on order, for which the service had no available applicants. Most of the job openings are for third shift work which means an added recruitment problem. The cotton goods division of the industry is running at near peak physical capacity. Most of the plants have war contracts, either direct or indirect, and on the whole approximately 65 percent of production of the cotton textile mills is for war purposes. The greatest number of vacancies occurring in this division of the industry are created by the Selective Service rather than voluntary leaving for other defense jobs.

Labor demands continue in the hosiery divisions of textiles as men and women voluntarily leave for armed forces and for other defense work. The seamless mills have added large war contracts, especially in the High Point-Asheboro and Hickory-Valdese areas. Heavy demands for knitters, seamers, loopers, and toppers are most prevalent. This includes in some areas, noticeably Burlington, the full-fashioned hosiery mills that continue to produce mercerized cotton and rayon ladies' hose. As a whole the seamless hosiery mills are operating as near full capacity as possible under existing rationing plans for raw materials; whereas, the production of the full-fashioned mills is off considerably from the 1940-41 peak production period.

Women are continuing to be used in greater numbers in all divisions of the textile industry. Today women are working as knitters, up-twist spinners, and loom fixers. One local Employment Office recently received an order for men over 45 years of age to work in a cotton mill.

The wooden furniture industry presents a spotty labor demand picture. In some areas the furniture establishments are running at top production on war contracts producing USO furniture, desks, chairs, rolling pins, veneering, bomb plugs, coffins, and dough mixers. In other sections of the state the furniture plants are often on short time and in some few instances the plants are closed. Under present conditions furniture labor has not moved easily or quickly to demand areas. Outstanding

labor shortages now are for upholsterers, cut-off saw operators, spray finishers, and frame assemblers. For quite some time women have been utilized in the High Point and Lenoir areas. Women furniture workers are now successfully tailing-off machines, hand sanding, webb tacking, upholstering, and attending in the spray room.

Approximately 40,000 workers will be engaged in construction work in North Carolina by December, 1942. The work will not be localized in any one section of the state but extends from the Navy and Marine bases in Elizabeth City, New Bern's two large Marine bases, Camp Davis' expansion, and the housing projects in Wilmington, westward through the new Army Camp at Hoffman, the enlarged Camp Butner, additions at Camp Sutton, the Shell Loading Plant near Charlotte, to the extreme west at the National Carbon Company plant in Morganton and Fontana Dam in Swain County. Common labor, which represents the heaviest demand, and skilled machine operators will be the most difficult labor problems to solve. The state does have, relatively, a supply of carpenters, bricklayers, and painters. Through the winter months several thousand white and Negro men regularly employed on the farms can be employed for construction work. This has been a common practice since the enlargement of Fort Bragg.

Ship construction in North Carolina has grown, since the war began, to an appreciable size. Four shipyards, located in coast cities, now employ more than 19,000 workers. All of the yards are on war contracts. Recently women were hired by one of the yards to weld and to work in machine shops. Current labor shortages exist, despite state-wide Employment Service recruitment, for welder trainees, drillers, shipwrights, ship carpenters, and marine machinists. Realizing the impossibility of securing skilled, experienced ship builders, the yards in this state are conducting large-scale in-plant training, upgrading workers, and hiring unskilled people.

Constituting demands for labor other than the above mentioned industries are many establishments in other industries with essential war contracts. Many of these establishments have arisen directly or indirectly as a result of the war. The labor demands from these sources are often demands requiring mechanical skills and much training or experience. However, some of the plants contemplate using 50 to 60 percent women.

In October 4,000 people were receiving war industry training in North Carolina. The training courses include arc welding, aircraft sheet metal, air craft woodwork, sheet metal, machine shop, and radio repair. There were 1,068 women and 577 Negroes enrolled in these short courses, requiring from 8 to 12 weeks. They are serving as an excellent source of semi-trained labor for war production. Shipyards, aircraft plants, machine shops, and ordance plants in this and other states are hiring these North Carolina trainees by the hundreds monthly.

With an increased demand for North Carolina labor there has logically arisen a decreased visible supply of workers. Relatively, based on the counts of active registrations for work in the Employment Offices plus the known employment in contrast to population, North Carolina remains a labor supply state. The apparent supply regions are quite scarce in the Coastal Plain, spotty in the Piedmont Plateau, and become general in scope in the Mountain Region. But, the active files of the North Carolina Employment Offices in September revealed 30,577 active registrants as compared to 83,269 active registrants in January 1942. This was a relative decline of 63.2 percent. In turn, the active-registrants count must be qualified. Many of them already hold jobs and are merely "job-shoppers." Others are wanting jobs only in certain places, in certain type work, or at definite minimum wages.

The record of new and renewed applications for jobs taken by local Employment Offices has revealed sharp decreases in the actual labor supply. The Employment Service Offices in September 1941 took 32,485 applications for jobs, as compared to 19,540 in September 1942.

Recognizing that the man or woman regularly regarded as part of the labor market is now employed, or will be soon, the question arsises as to where can North Carolina turn for manpower. The 1940 United States Census indicated 75 percent of the women in this state above the age of 14 years were unemployed. In other words approximately 940,000 women were unemployed in North Carolina in 1940. The 1,263,000 women over 13 years of age were in the following age groups: 73.9 percent from 14-44 years, 16.5 percent from 45-59 years, and 9.7 percent 60 years and over. Based on a nation-wide sampling technique it is possible that 565,400 of the 1,263,000 wome nare able and available for work if not now employed. Assuming that 350,000 women are now employed in North Carolina an increase of 16 percent over the 1940 census, there remains in the state a strong potential labor force of 215,400 women.

The United States Employment Service is now faced with the problem of examining economically and scientifically the labor supply and demand factors of each labor market area in the state. To avoid problems of housing, transportation, public health, and other social problems, as well as to obey the tenets of good economics, each area must use its local supply of labor. The manager of the United States Employment Office, "the labor store on the corner," must strive to show the employers and employees of the community the present labor problems. The employer must be led to realize the effects of continued Selective Service withdrawals. He must utilize to the fullest extent his present labor force. He must recognize the potential labor supply of women, handicapped, and old people, and make immediate plans for their use.

Pegging Workers Into Jobs

BY HENRY W. CALVERT, OCCUPATIONAL ANALYST, U. S. E. S.*

Have you ever walked along the seashore when the tide was moving in or out and noticed the holes that bubble in the sand? One moment the holes are there and the next moment they have been filled. If we consider the employment world in a somewhat similar light, that is, like a peg board which is so fluid that openings are constantly occurring or are closing, and if we consider the employment seekers as pegs to be fitted into this everchanging board, we may consider the Employment Service in the role of an agent attempting to anticipate the job openings and fill them with worker pegs before they close.

But we must examine this analogy closely, because fitting workers into jobs is not as easy as selecting a peg and putting it into a hole. First, all worker pegs are not of the same material, while job openings vary considerably in size and shape. Some of the pegs may be considered to be of wood, others of stone, others of metal, and still others of plastic. They will certainly be different in size, shape, and flexibility. Some will have become displaced technologically, and the jobs they have left ceased with their leaving. Some will have been misfits from the beginning; the jobs which they have left will be potential openings for more suitable pegs. The handicapped will have to be rehabilitated before they can be placed. Still others will be unfit for any opening, and it will be next to impossible to find them places in the peg board of the workaday world. Some will be entirely new pegs—unfinished yet adaptable. Then there are special cases such as prison parolees or aliens.

Continuing the peg board analogy, the occupational information program of the Employment Service may be thought of as the machine shop where the tools for fitting the various pegs are to be found. Here they may be turned and formed, and even recut to meet specifications of the job openings into which they might be put.

First of all, an occupational analyst gathers as much information as possible about every job hole into which a worker peg might go. From such materials, placement tools are shaped. These include the techniques of job order specifications, job descriptions, oral trade questions, interviewing aids, aptitude batteries, and job families. By making use of these tools, synchronization of such employment programs as training and selective service becomes possible.

The manufacturer of machinery after making a product is usually responsible for maintenance. Employment office personnel not only must be trained in the proper use of the techniques so as to involve the least waste of effort and materials, but it is also the responsibility of the Service to keep an inventory of tools available and in use, particularly as regards oral trade question volumes, aptitude test batteries and job family compilations.

At this point it becomes necessary to discuss placement tools specifically rather than generally—to take them in hand, describe them, and show the function for which each is designed.

Occupational analysis has attempted to inventory the qualification requirements of the thousands of occupations represented in the principal industries of the country. Groups of analysts have been stationed at centers in various regions to catalog in detail job characteristics in selected industries. These descriptions have then been assembled, industry by industry, for the entire country. From this material, the available literature on each industry, conferences with representative employers and trade association staffs, and some further observation of plant operations, the normal jobs have been determined and a standard set of national job descriptions drafted for each industry as a whole. These include the titles applied to the job, a summary of the duties, analysis of the work ordinarily performed, a description of the machines and equipment used, statements as to normal working condition and the relationship to other jobs, and a summary of such general qualifications, as education, experience, and physical condition required for employment.

An account of the work performed must be so clear that a totally uninformed reader can visualize the tasks composing the job and understand the skills, knowledge, and responsibilities involved, with a minimum of reorganization of the data in his own mind. Not only must the analyst describe the work and the characteristics essential to the worker; he must also describe accurately the materials and the machines used, the relation of the worker to the machine, the physical conditions under which the worker operates, so that the applicant may have a realistic picture of the job and its requirements.

Each local office has a dictionary of occupational titles which contains about 30,000 job definitions covering many industries. Employment office personnel has a good knowledge of local jobs, for each time an interviewer records an order from an employer, or interviews an applicant, he collects job information. The present program is not a new idea, but rather a plan which attempts to make better use of all occupational information available to document everything local offices know about the jobs in their respective communities, and to supplement this by additional data gained from actual observation and analysis of jobs in various plants.

In fact, most job definitions are compiled by direct observation and analyses, augmented by material secured from other sources such as libraries, employers, trade associations, labor organizations, and public employment offices elsewhere. The great majority of jobs are described in broad, all-inclusive terms. Consequently, not all definitions coincide exactly with specific jobs in a particular locality. Therefore, when necessary definitions should be supplemented by more information concerning specific jobs within the community. Adapting national

*On leave for military duty.

materials to local use is one of the functions of the occupational analyses for the United States Employment Service.

In practice, job specifications not included in the dictionary either because of uniqueness, obsoleteness, or because they have been created by new industries are recorded separately. The form used is filled out as to source of information: applicant or employer; job title; other titles; kind of business; products or services involved; description of job; what the worker does; how he does it; what materials, machines, and other equipment were used as they occur in the process; and the purpose of the job. "Job Order Specification Cards" are prepared presenting in concise form the general outlines of a job and such characteristics as apply to a particular job in a particular plant.

Job orders can then be taken with a minimum of time and can be more accurately and promptly filled when both the employer and the Employment Office have identical copies of job order specification cards on hand. The employer need only call to give the job title and the number of workers needed and time limit to fill the order.

The interviewing of applicants, and the success of the inventory process, depend to a very large degree upon the interviewer's knowledge of occupations. Employment counseling, involving the shaping and readjusting of worker pegs, is impossible without a background of information on many occupations. Successful placement, or the fitting process, is likewise based on the interviewer's knowledge of the job opening.

Now when the interviewer has a job opening to fill; if he can't find a proper peg to fit, he must do something about it. In order to find the peg, the interviewer first consults the applicant files, which are set up according to codes made possible by the national occupational analysis program. Each job definition has a code number, and each registrant with a local office has been classified and his card filed for reference under the code guide. If the interviewer's search through the files produces a peg to meet the requirements, then the placement problem is easily solved.

But suppose a qualified applicant is not found in the active file. The job order may have requested a certain sex; then it may be ascertained if the opposite sex is acceptable—if, of course, there is available someone qualified. The employer may not agree to this and the interviewer, with the employer's permission, may have to refer the order to clearance through other offices.

The interviewer, however, might convince the employer of using other local sources of workers and another placement technique, involving the use of job families serves its turn. A "job family" is a set of lists or tables which show certain jobs to be related to each other in specific ways and to a base job. These families have grown out of job analyses which give all the worker characteristics and job requirements . It is possible that by consulting these lists, someone having skills closely related to the job requirements of the particular opening may be found. This calls for careful counseling on the part of the interviewer with both employer and applicant. The employer may be persuaded to upgrade someone in his plant and thereby leave a vacancy in one of the entry occupations; or with training, the applicant may be transferred to the job.

Now regarding placement from the applicant instead of from the employer angle, what can be done for those who need jobs because displaced, maladjusted, or handicapped. No jobs will be open to them as they are. When it comes to making the applicant fit the job rather than finding a job to fit the applicant, the Employment Office really becomes a machine shop. If the applicant is a plastic peg, then the interviewer after a study of his potentialities may be able to counsel the registrant into another or related field in which he might with training make a success. In a tight labor market, there is a job hole for such an applicant.

Close to this type applicant peg are those who have not worked. Whether they are young or old, the problems are much the same. There is no work history to go on and perhaps not much other background. The counseling problem is increased when the applicant has a mistaken conception of the job hole he would like to fit. But if he has no ideas or interests other than wanting a job and a pay check, there is less to complicate the entry occupation problem. The tools to be used here include aptitude testing and philosophy.

The displaced worker whose experience no longer has any meaning in the labor market must be handled on much the same basis as those entering employment for the first time. Hidden capabilities must be discovered and he must be shown that he can fill another occupation. Perhaps referral to a training program will prepare him to fit desirable openings. With this worker, the job family tool also may be used.

Then there is the case of the broken peg—the physically handicapped applicant. The occupational program regards this problem in its broadest sense, as including not only loss of limb but also organic disorders and general weakness. Through the use of special job families and job counseling, the placement of these pegs into proper openings is possible, assuming suitable employer contact and cooperation with other agencies for training purposes.

There is still another placement problem for the interviewer. Applicants hear of jobs and conclude they are just the pegs for the holes. They will come and give a vivid account of their abilities to fill certain positions although their work histories show nothing relevant. Many times twenty-two-year-olds give work histories of seven years in skilled jobs. These are cases for the oral trade question test of job information. Though this test does not guarantee that the applicant can do the job even if he does make a good score, it does reveal whether he has information which is usually possessed only by those with years of experience. It may also be a means of showing the applicant that he belongs to some other classification than that for which he is attempting to register—that he is the right peg for the wrong hole.

In furnishing tools such as the foregoing techniques, the occupational analysis section functions as a vital cog in the placement machinery of the Employment Service. Although the planning function takes place at the central office, the emphasis of the occupational program is purely local. It consists of the following: (1) indication objectives; (2) laying down general principles and policies as regards use of occupational techniques and information; (3) establishing standards; (4) maintaining uniformity in methods and techniques of acquiring and recording information; (5) establishing lines of communication for interchanging information; (6) giving direction to the program in general.

The chief function of job analysis is to contribute to the precision with which selections, referrals, and placements are made, and its value is limited by the accuracy with which it is prepared. It is intended that through occupational analysis those responsible for placement can attain a finer discrimination between workers and between jobs as well as a wider sense of transfer possibilities.

Unless the local employment offices have the proper knowledge of the occupations with which they deal, they cannot function effectively. Unless the personnel can visualize the holes or job openings in detail and can know the requirements of the pegs that must be fitted, their work is reduced to a trial and error basis which is none too satisfactory for either applicant or employer. Problems of unfilled jobs, unplaced applicants, and general public dissatisfaction will only multiply.

In the Employment Service, as in any human institution, conversion from one purpose to another becomes necessary as national and regional problems arise. As this takes place, the occupational analysis program remoulds its own tools of placement techniques.

Until recently the Employment Service conducted a program consisting mainly of finding jobs for men or matching men and jobs. At present the objective is shifting to the exact opposite, that is, finding workers for jobs. And today, in addition, it must exercise all ingenuity in the more difficult task of planning: (1) to use no more human skill than is necessary for any given job; (2) to increase every human skill to the limit of personal capacity; (3) to allocate every skill where it will be most useful for national policy.

The war-time program of operations has changed the purpose of the Employment Service from that of general service to all employers and applicants, to service only to essential industries or services, and to those applicants having or potentially having stringent, critical, or essential occupational ability or in terms of labor shortages, demand and semi-demand skills. This war-time program is a challenge to the Employment Service. Its success in meeting the manpower problem will be a measure to a great extent of its status with the public in the post-war period.

SUMMARY OF OCCUPATIONAL ANALYSIS PROGRAM IN NORTH CAROLINA

Occupational analysis activities have been carried on in the State since 1938; however, the program began to gain momentum in the latter part of 1940. During the period of January, 1941, through September, 1942, the occupational analysis program in this State accomplished some 900 installations of selection techniques, including oral trade questions, aptitude batteries, performance tests, job families, job specifications, and interviewing aids. As a result of this phase of the work, it is estimated that about 34,000 persons were tested on aptitude and performance, and that over 30,000 applicants were given the oral trade questions.

At the present time North Carolina has six aptitude batteries designed to select trainees to become welders, aircraft sheet metal workers, draftsmen, machinists, machine operators, sheet metal workers. A total of 41 of these batteries are being administered in the 10 offices in which they have been installed.

In addition to the batteries for trainees, there are 23 different general industrial batteries which are in use in various offices throughout the state. These aptitude tests cover occupations in clerical and stenographic work, the hosiery industry, textiles, and sales and department store work. A total of 125 such industrial batteries are being used in some 25 offices, from which many local business men have profited. During this 21-month period over 1,000 color-blindness tests have been administered to applicants.

Many studies have been conducted in the interests of obtaining additional occupational information and developing further aptitude batteries to broaden the scope of placement techniques. Interviewing aids have been prepared for 77 occupations, covered by 10 major industrial classifications, and 5 original occupational composition studies have been made. Others, previously developed, and 10 sets of the oral trade questions have been verified in industrial plants and shipyards. Furthermore, some 300 job and 250 work characteristic analyses have been made, as well as several special reports in connection with the conversion of hosiery, textile and furniture plants in the use of different materials or the making of new products, and the mushrooming expansion in the shipbuilding, armament, and aircraft industries.

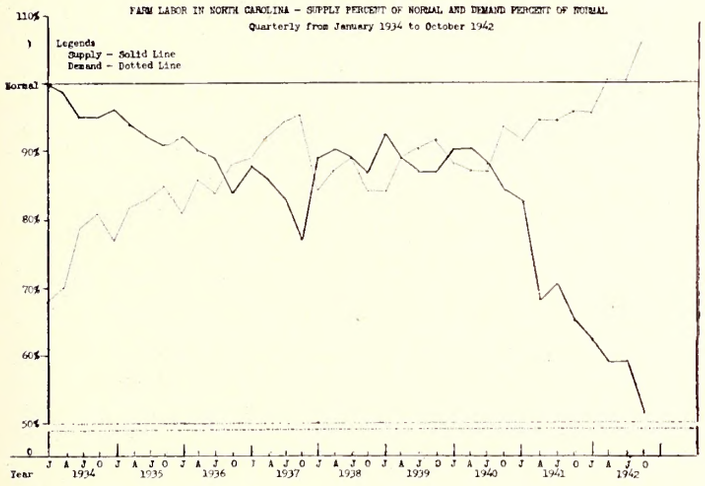
All of the 45 local offices have national job descriptions, job specification cards, interviewing aids, job families, dictionary of occupational titles, and trade questions. According to the industrial and economic pattern of the area served by the local offices other occupational analysis and informational materials are used, such as: performance tests (typing, stenographic and spelling tests); trade tests (picture trade tests and blue print reading tests); aptitude test batteries, and occupational composition studies.

Labor Shortage On The Farm Front

Although agricultural workers do not come within the coverage provisions of unemployment compensation, handling the supply and demand for workers on the farms is one of the most important functions of the Employment Service. The following graphs illustrate the situation which has been faced this year, and the need for considered planning before the 1943 season to come.

Chart I presents information made available by the United States Department of Agriculture in describing the changing supply and demand figures. Beginning in 1934 with the supply figures at 100% of normal, and the demand figures at 68% of normal, the solid line, denoting supply, and the dotted line, denoting demand, have switched relative positions. The farmer's concept of a normal labor is based on a situation in which there existed a labor reserve.

CHART I



In 1934 with the nation in the throes of an economic depression, there was not enough farm work available for those looking for jobs. Employment Service people saw little use in incurring expense to give service to farmers who had people at their very door steps readilly available at low wages for farm work. Farm labor needs, and the reservoirs to fill these needs, are represented by staggering, zigzagging lines which crossed, hypothetically, in September 1936, November 1937, August 1938, April 1939, November 1939, and August 1940. These are the periods when it was most likely that the Employment Service interviewers worked in a labor market that was ideal and when farm labor needs and available workers were most nearly balanced.

There has been an ever-widening breach between the two factors since that last meeting in August 1940. With bumper crops to be harvested at the same time that farm labor supplies were being withdrawn to man war industrial jobs and to enter the armed forces, the division became even greater as 1942 came to an end and farm labor supply is represented as 52 percent of normal, with the demand figure at the new height of 106 percent. Farm hands who have finished their seasonal employment are leaving farms for higher paying jobs. Our manpower problems are increasing, and skilled labor on dairy, livestock, and poultry farms is being frozen. Each day presents a challenge to those who are fighting the war on the farm production front as we try to get the right number of workers, at the right place, at the right time.

Chart II compares agricultural placements by the Employment Service in North Carolina for 1941 with those for 1942.

CHART II

Getting In The Basic Crops

By M. R. Dunnagan, U. S. E. S.

A comprehensive cooperative plan for advance organization of forces sufficient to insure harvesting the 1943 farm crops in North Carolina, and thus to insure the planting of sufficient "Victory" crops, has been outlined by W. C. Carlton, farm placement supervisor of the United States Employment Service for North Carolina.

In spite of the shrinking supply of farm labor, surprisingly little loss to seasonal and staple farm crops in the state was experienced during the closing season. But it is true that some loss occurred, due before it could be picked. The peanut crop also was damaged by the rains, the part of it in stacks and that left in the ground. Adequate labor earlier would have saved much of this, just as dry weather for two or three weeks longer would have permitted the crops to be more fully gathered.

However, the extra efforts of a steadily declining

labor supply which harvested the 1942 crops had to be supplemented by volunteer workers. Selective Service and enlistments in the armed forces had withdrawn many of the farmers' usual helpers. War construction and war industries, with higher wage scales, drew more of them to camps and mills. These processes are continuing, even if at a reduced rate.

Farmers probably can get through the planting and cultivating phases of their next year's work without great difficulty, but they are naturally worried about harvesting and marketing. Unless they can be assured that they will have sufficient labor for gathering and preparing their products for market, they will not plant crops commensurate with the needs of the nation and her allies. But if assured of harvesting help, growers will even increase their plantings in the spring.

Previously, farmers have not been interested in volunteer workers. They wanted experienced farm hands, not "city slickers." During the past season, however, volunteer workers have demonstrated their value, and farmers generally have come to the point of accepting volunteer, inexperienced help.

A plan of volunteer help, thoroughly organized and beginning immediately, is the basis of the program outlined by Supervisor Carlton and submitted to Governor Broughton for consideration. It calls for the cooperation of several interested governmental agencies and consolidation of all available forces. Headed by the Governor, who would direct all state agencies to cooperate as fully as possible and who would issue certificates of merit to volunteer workers or groups for commendable service, all federal, state, county, and city units engaged in related activities would have a part in the program.

Agencies listed as those most likely to participate are the State Department of Labor, the State Department of Public Instruction, the Farm Security Administration's Labor Division, the United States Department of Agriculture's War Boards, the State Department of Agriculture, the State College Extension Service, state and local Selective Service Boards, civic clubs, patriotic societies, and others.

The Employment Service, through its farm placement organization, can organize groups in various sections and channel workers into areas where the needs are greatest, helping to see that workers are transferred readily from places where work has been completed to those in which work is to be done, so there will be a minimum of waste of manpower in urgent periods.

During the past season, when the farm labor shortage was becoming serious, high school boys and girls joined the vanishing labor supply and saved thousands of bales of cotton that otherwise would have been lost in North Carolina, contradicting the slander that they are "soft" and shaming the scoffers.

While pupils all over the cotton growing area of the state, in more than half the 100 counties, joined the procession in overalls, slacks, or shorts, the initiative and the palm were taken by the town of

Students and clerical workers become cotton-pickers.

Shelby, county seat of Cleveland, frequently the banner cotton-growing county of the state.

Growers were frantically calling for cotton pickers, but few had been left by Selective Service boards and war industries. Employment Service workers were beating the bushes, raising only dust. Charles G. Bridges, manager, and J. Hardin Lee, farm placement interviewer, put their heads together. They found, and publicly announced that the bottom of the labor-supply barrel had been reached, with hundreds of acres of white fleece ready unto the harvest. The newspapers took up the cause. Merchants, manufacturers, public-spirited citizens, governmental units, joined in the discussions. Saving the cotton crop became a community problem; the county's main cash crop was about to be lost.

They turned to the largest potential labor pool—the schools. The educational leaders suspended high schools, and the pupils took to the fields. An outpost Employment Service office was established on the courthouse square. Early each morning for about two weeks, farmers would line up their trucks and fill them with boys and girls and away to the fields. At night they returned, tired but happy. The "kids proved they were not kidding."

Mayor Harry S. Woodson proclaimed a half-holiday, calling on the citizens to close up shop and take to the cotton fields. The Merchants Association went him one better. They closed one full day. Also, they offered handsome prizes for excellence among the students. Clerks, governmental officials, professional men, welfare workers, Boy Scouts, housewives and their servants, all went out together. The students kept up their field work for about two weeks, with a day or two off because of heavy rains.

Even the canine population was represented. This item appeared in the Shelby Daily Star: "Doggiest cotton picking job of the day yesterday was done by 'Dusty,' a cocker spaniel owned by five-year-old Rusty Boring, who accompanied his young master to the cotton field at Hopper's Park. 'Dusty' observed the work and set to picking with his mouth, picking bolls as cleanly as if done by human hands and depositing the cotton thus picked in the sheet his master used."

Rowan county raises less cotton, but labor was lacking to pick it. Here also school authorities

allowed the pupils to join the ranks of cotton pickers until the emergency was well over. About 175 pupils went out one day. Placements were made by John R. Fish, local employment manager.

Lexington Manager Doyle A. McCool organized transportation and routed 510 Lexington High School pupils to 21 Davidson County farms for a day's work. These students harvested 12,000 pounds, eight bales, of cotton, pleasing the farmers. The Lexington Merchants Association gave prizes.

A different approach had to be used by Manager W. C. Cherry, Jr., of the Employment Service office in Rocky Mount, railroad shop and tobacco market city, located on the line between, and partially in the two counties of Edgecombe and Nash. He called a meeting of farmers, public citizens, and school authorities in Tarboro, county seat of Edgecombe, resulting in suspension of schools for a period. Rocky Mount schools then allowed pupils to go to the fields early in the afternoons for several days.

Welcome help was offered in Wake County by British seamen, resting at Crabtree Creek Recreational Park near Raleigh while their ships were being reconditioned along the Atlantic seaboard. A British tar, at home a beet grower, suggested helping out. The sailors turned to willingly to help make hay and did good work cutting and hauling corn for dairy farm silos, a new crop to most of them.

Manager Lee J. Craven and J. R. Baucom, farm placement interviewer, of Raleigh, were also able to send 15 to 20 Hugh Morson School students and 75 Shaw University (Negro) boys and girls to Wake farms for cotton picking. Schools all over the cotton area of the state fell in line and students helped in the emergency, most clearances being handled by Employment Service offices.

British seamen resting from ship duty, help harvest N. C. corn.

Nevertheless, cotton, the first major crop in North Carolina, suffered an appreciable loss from lack of labor during the season, and likewise peanuts, an important crop commercially although restricted to an area of half a dozen or more counties, even when the weather was partly to blame. Warm weather up into early October hastened opening of cotton bolls within a short period. Almost a week of steady rain and occasional heavy winds beat and blew off the ripened bolls, and caused deterioration of the cotton left on the stalks. About 60 to 75 percent of the cotton had been picked when the rains came. Peanuts, both those still in the ground and those stacked for drying, were also damaged by the continued rains.

While the Employment Service was able to find almost if not quite enough hands for this season's crops, the next season is going to present a greater problem. And it is this problem which Mr. Carlton proposes to meet by a pre-arranged, orderly plan of recruiting volunteers.

Unemployment Insurance And Relief

Because of the relationship of certain aspects of unemployment and relief, the Unemployment Insurance State Advisory Council in New York undertook jointly with the Department of Welfare during the last months of 1941 a survey of a group of relief recipients. Its purpose was to determine to what extent the situation of these people on relief had been affected by unemployment insurance. It was believed that such a special study might throw light on the need for widening and deepening the coverage provisions of unemployment compensation. With respect to the results of this study, the New York Commissioner of Welfare expressed himself as follows:[1]

"Relief is no longer the sole reliance of persons and families made destitute by unemployment as was the case when the depression settled upon the country more than a decade ago. Unemployment Insurance and Old Age annuities now provide purchasing power for many workers who would otherwise be compelled to ask for public assistance. This country is committed to the extension of social insurance as the basic protection against the hazards of life and, particularly, the hazard of unemployment . . .

"From this study it appears that most of the unemployed but employable relief recipients were excluded from insurance by the provisions of the law, particularly the provision excluding persons employed in establishments with fewer than four employees. Some recipients eligible for benefits needed relief while waiting to receive them, while others sought help after the expiration of benefits. Still others, with large families, needed to have their benefits supplemented by relief. It is a significant fact that for large families the relief allowance is higher than the amount provided through unemployment benefits.

"The study suggests, among other things, the desirability of extending coverage to include more workers and increasing benefits, especially for large families, by extra allowances for dependents. By so doing we shall reduce, still further, the number of families who must look to public assistance in periods of unemployment. Public assistance will always be necessary for some who cannot qualify for social insurance, but our labor force is entitled to the fullest possible protection against periods of idleness."

(1) Hodson, Foreword to *Unemployment and Home Relief* (City of New York, Dept. of Welfare, Sept. 1942).

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Summary of Claims Activity (monthly).

Summary of Local Office Operations (monthly).

Weekly Summary of Initial and Continued Claims Taken, Benefit Checks Distributed and Placements Made, by Office.

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THE U.C.C. QUARTERLY

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Regular Contributions in each issue from the

UNITED STATES EMPLOYMENT SERVICE FOR NORTH CAROLINA

MRS. GERTRUDE K. CLINTON . . . . . *Director*

Cover illustrations represent typical North Carolina industries under the unemployment compensation program. *Cover for Spring, 1943—A North Carolina Furniture Craftsman at Work.* Photo by Hedrich-Blessing Studio, Chicago.

Reproduced through the courtesy of the Drexel Furniture Company, Drexel, N. C. North Carolina leads the nation in its production of wooden furniture. The article on *North Carolina's Furniture Industry*, contained in this issue of the Quarterly, describes the industry in this state and the part it is taking in the war effort.

Sent free and upon request to responsible individuals, agencies, organizations and libraries. Address: U. C. C. Informational Service, Raleigh, N. C.

CONTENTS

	Page
A Word About Coverage	66
More North Carolina Firms Win "E" Awards	67
Unemployment Compensation — Present and Future, A Review by the Social Security Board	69
North Carolina Amends Its Unemployment Compensation Law	71
Trends in Industry, Employment and Wages, By S. F. Campbell	74
North Carolina's Furniture Industry	76
U. C. C. Operations	79
Summary of 1942 Activities	
Survey Being Made of Claimants	
Business Activity—1942 Trends, By S. F. Campbell	82
North Carolina Labor Problems, By Benton Bray	84
Industrial Training Programs	85
Apprenticeship and the War Program, By Edward W. Witt	86
Vocational Training for War Production Workers, By J. Warren Smith	88
Job Instructor Training, A Feature of the Training Within Industry Program	90
The National Youth Administration in North Carolina	91
Engineering, Science and Management War Training, By Edward W. Ruggles	94

A WORD ABOUT COVERAGE

Under the present unemployment compensation law for North Carolina, coverage is extended to employers of eight or more workers for twenty weeks in any one year. Underlying proposals, past, present and future, to extend this coverage to employers operating smaller establishments, are the following considerations.

The present unemployment compensation law excludes a group of workers who are covered by the old-age annuities plan: those employed by small concerns. Their exclusion seriously limits the protection given. In consequence about 180,000 people in North Carolina—or around 13 percent of the total labor force in the state—are deprived of the advantages of unemployment compensation.*

The exclusion from unemployment compensation of workers whose employers employ fewer than eight workers is difficult to justify. The argument that administration will be especially difficult is not convincing when we remember that they are included in the contributory old-age annuities scheme, where the same problems arise.

The disadvantage of the distinction between large and small employers is obvious. It greatly complicates the administration of unemployment compensation. There are endless possibilities for dispute as to whether an employer is or is not liable. Employers who employ eight or nine workers are subject to the temptation to discharge workers to bring their staff below the limit set in the law. They may attempt to meet extra orders by working overtime and overburdening their existing employees instead of taking on additional workers who would render them liable to the tax.

The exclusion of the small concerns is not only unfair to workers who are compelled to shun employment with such firms if they wish to retain their right to unemployment compensation benefits in the future, and it is difficult to explain to them why they will be covered if their employer has eight workers but not if he has seven; but it also puts the small concerns at a disadvantage when seeking to hire help, since the better workers know enough to prefer covered employment.

Today more than half of the state unemployment compensation laws (27) cover employers of fewer than eight workers. Some ten states cover four or more workers, and in twelve others the coverage is one or more.

Where a state law is applicable to employers of one or more individuals, irrespective of the period for which they are employed, problems incident to employer coverage are reduced to a minimum. But where a state law is applicable only to employers of a stated number of individuals, or for a stated period, various devices available to employers who seek to avoid coverage or to reduce their contributions must be guarded against.

Insofar as the scope of unemployment compensation is relatively too narrow, by excluding, for instance, employers of fewer than eight workers, the

*See table on page 10 of the U.C.C. Quarterly, Vol. I, No. 1.

MORE NORTH CAROLINA FIRMS WIN "E" AWARD

In the first few months of 1943, more North Carolina firms have had the Army-Navy "E" award for excellence in war production bestowed upon them. These include the National Munitions Company at Carrboro, and the J. A. Jones Construction Company of Charlotte. The presentation at the Carrboro plant was made on January 23rd, and to the Jones Company at Hoffman on March 3rd.

As this issue goes to press announcements have been received of additional "E" awards to the Wright's Automatic Machinery Co., of Durham (gun parts), to the Blythe Brothers Co., the Goode Construction Co., and the Harrison-Wright Co.—all contractors of Charlotte—for their work in constructing the vast Camp Lejeune Marine Base at New River; and to Bernhardt Manufacturing Co., of Charlotte.

The Jones Company, together with 16 subcontractors, has been cited for outstanding accomplishment in building the Army Air-borne Command station near Hoffman. About 7,000 workers shared in the award, receiving "E" pins as emblems of merit.

From the National Munitions Corporation of Carrboro, comes the accompanying picture from the presentation ceremonies there. Shown in the picture is Miss Pauline Edwards congratulating her fellow-employee, James Ralph Lloyd, for his being selected to represent employees at the Army-Navy "E" award ceremony in January.

Lloyd, the oldest employee in point of service, works in the boiler room, a job he held in a Carrboro hosiery mill, whose idle site was converted less than two years ago into a munitions plant.

The award ceremony was held in the University of North Carolina's Memorial Hall. When Lloyd, representing the employees, was given the "E" pin, he made a little talk which brought the crowd of over 1500 to their feet applauding.

He said, "Thanks for this award. It means a lot to all of us. But folks, the National Munitions Corporation has just started to pass the ammunition. Watch our speed from now on."

Official U. S. Navy Photograph.

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residual relief system must be correspondingly broad in times of economic distress.

"Superficially this would appear to be a time of economic security. War has brought us close to a goal which peace did not achieve—a job for every man in fulfillment of his basic, inalienable right to work. Wages are high. The output of the nation is tremendous. Insecurity, it would seem, has surely been vanquished. Realistically, however, this is illusory. Many in the country today face uncertainty. Millions of men are awaiting the call from jobs in civilian life to service in the armed forces. Millions of others await the transfer to jobs in war industry. Unemployment persists to an appreciable extent because of material shortages or the closing down of essential industries. Millions of women may be called from homes to industrial jobs or farm work. Insecurity, in fact, has been an attendant factor of all modern economic progress. Every decade of expansion of the industrial system has increased it, and this war has brought the danger of its consequences into sharp focus. Thus the question: What will be the worker's fate in the aftermath of war?

"One thing is certain. A difficult period of readjustment will follow the peace. During that period soldiers who have waged war and workers who have produced food, clothes, and weapons will need a bridge over which they may walk with dignity above the chasm of unemployment and deprivation. Unemployment compensation, more than any other device, can and should build that bridge.

"While a majority of employees in industry and commerce are covered by the present system, it fails to provide for others by omitting from the scope of its protections a substantial proportion of our workers. Unless action is taken now to equalize this situation, there is grave danger that the post-war period will arrive before measures can be installed to care for the urgencies of the moment. Expansion of the unemployment compensation program would be more appropriate now from the standpoint of our economic and fiscal circumstances than at any time since 1935 or for some time to come."

Such statements represent the point of view of the federal security agencies, and it might be expected that a redrafting of the federal security act would extend unemployment compensation coverage to one or more workers.

Hence the recent expresion of Governor Broughton at Baltimore is in point when he said: "Those

of us who believe in the fundamental principles of state's rights and local self-government may as well concede frankly that much of the almost terrifying expansion of federal encroachment upon the original domain of the states has come about because state governments failed to meet the challenge of the new day . . . Unrelieved hardships and inequities suffered by the working people all led them too frequently to look for relief to the Federal Government."

Adequate state legislation is the surest means of relieving pressure for wider federal controls.

A recent proposal to extend unemployment compensation coverage in North Carolina has been defeated in the General Assembly. This may perhaps be regarded as a minor passing triumph for rugged and ragged individualism. But it is in the cards for the future that Government will be required to do more rather than less to underwrite human hazards, destroy human fears, compensate human wants.

1855 EMPLOYERS SEEK COVERAGE

During the past five years that the unemployment compensation program has been in operation in North Carolina, 1,855 employers not necessarily covered by the law have voluntarily elected to come within its provisions and insure their workers. About one-third of the voluntary coverage has been by out-of-state employers, and about the same proportion has been by wholesale merchants.

MRS. CLINTON HEADS MANPOWER GROUP IN STATE

Mrs. Gertrude K. Clinton of Gastonia has been named head of Industrial War Manpower in North Carolina, as of April 1. Mrs. Clinton, who is State Director of the United States Employment Service, while assuming her new duties immediately, will also continue in her post as head of the Employment Service.

Mrs. Clinton will be responsible for: effective mobilization, training and utilization of manpower in this area in order to provide an adequate supply of workers to meet essential needs; determining manpower supply and needs; co-ordinating activities of all agencies; and effectuating the WMC's regulations in the area and in specific communities.

As an example, she will be responsible for putting the 48-hour week into operation in those industries and areas designated for the longer work week.

Mrs. Clinton has been head of the Employment Service in this state since May 1942. After two years teaching in Mount Holly schools, she became county superintendent of public welfare for Gaston in 1926 and held that position nine years. She was district administrator of the Emergency Relief Administration from 1933 to 1935, when she became district agent for the Rural Rehabilitation Corporation. She joined the Employment Service as field supervisor in 1937 and became assistant state director in September 1941, moving up to the position of director less than a year later.

Unemployment Compensation—Present and Future
A Review By The Social Security Board

The convening of the legislatures of the 44 states in regular biennial session this year presents once more an opportunity for the review of our existing unemployment compensation program. This is the first time, since the declaration of war, that most states have had such an opportunity. The legislatures met at a time when unemployment is probably at the lowest point since the beginning of the program, and when reserves in the unemployment trust fund will probably reach $3.4 billion. Other pressing problems directly concerned with the war effort will place a heavy responsibility on state legislatures. Why then should they devote attention to a program which currently is secondary to activities connected with the war?

The answer is that the conditions which we face in the future will require an unemployment compensation system far beyond what we have at the present time. After more than four years of experience with unemployment compensation in this country, it is time to take stock of our program, to determine the extent to which unemployment compensation is providing security against the risk of unemployment and is geared to handle the unemployment problems of post-war readjustment. What is the outlook for the future?

It may be anticipated that there will be at least 10,000,000 men in the armed forces—Army, Navy, Marines, and other armed services—by the time the war is over. Judging by past experience a very large proportion of these millions will be returned to civilian life within a year or two after the war. At least 20 million men and women (and perhaps millions more) will be engaged in war production—in arsenals, navy yards, shipyards, munitions plants, aircraft factories, and other war plants. Certainly, a large fraction of these millions of workers will suffer some unemployment during the conversion of industry back to peace-time production. Finally, other millions of women, retired persons and young people—not ordinarily employed—will be drawn into the labor market during the war and, to some extent at least, will be forced out again in the demobilization and conversion period. Regardless of how successful the Nation may be in avoiding a major depression of catastrophic proportions after the war, it seems inevitable that the readjustment will throw

many millions of workers and war veterans temporarily out of gainful employment.

The unemployment compensation agencies in this country have major responsibilities in this future unemployment crisis. First and foremost among these responsibilities is the development of a system of unemployment compensation benefits suitable to the emergency—a system which will be a bulwark to the nation in time of stress. Such a system means that every state should have a program of at least minimum adequacy.

PRESENT STATUS OF THE PROGRAM

There is no doubt that the unemployment compensation program today is, in a number of important respects, more nearly adequate than it was originally. Twenty-seven states have expanded their coverage beyond the restrictions in the Federal Unemployment Tax Act to cover employers of fewer than eight individuals. Twelve states cover employers of one or more. The waiting period has been reduced extensively; 23 states require a waiting period of three weeks. Where few states originally provided a fixed minimum benefit amount, all but one now have such a provision and only 11 states provide a minimum of less than $5. Although $15 was the maximum benefit formerly provided in all laws, 24 states have gone beyond this level, four of them providing a maximum rate of $20 a week.

On the other hand, in certain other respects, the unemployment compensation program is being narrowed and restricted. Disqualifications for payment of benefits, which are necessary in order to insure that benefits are paid only to the genuinely unemployed, have become penalties in 24 states, where all or a part of the worker's wage credits are cancelled, so that regardless of the cause of any additional unemployment within the year, workers are barred from drawing benefits.

SUGGESTED CHANGES

A situation like the present, when state administrators are not confronted by heavy claim loads, offers an excellent opportunity for strengthening the existing program and for reappraising it in the light of post-war needs. The Board makes the following suggestions as to the steps which might be taken to insure an effective unemployment compensation program under the existing system.

1. Coverage could be extended to all employers of one or more employees in the industries now covered by the law. We have acquired enough administrative experience to make this task feasible. The coverage of such workers under the Federal Old-Age and Survivors Insurance program, as well as under 12 state unemployment compensation laws, constitutes a sound reason for including them in *all* state unemployment compensation systems. If a state can go further and include other occupational groups not now covered, there is good reason for doing so. If unemployment compensation is to provide adequate protection against the risk of unemployment, it must cover as large a part of our wage earning population as is possible.

2. All but one state law now include provisions for a minimum weekly benefit amount. A number of states have minimums of $6, $7, and $10 per week; every state should be able to establish one of at least $5. Any minimum is necessarily somewhat arbitrary, but it provides a floor below which benefits under an insurance program should not go, if the program is to serve a social purpose, avoids needless administrative cost of small and ineffective payments, and normally makes it unnecessary for unemployment compensation beneficiaries to apply for direct relief. Minimum benefit rates should, however, not be so high that they act as a deterrent to work, or, in their relationship to the qualifying earnings requirement, exclude from benefits too large a proportion of individuals who are attached to the labor market.

3. Weekly benefits, in principle, are now designed to be at least 50% of the weekly earnings of the average wage earner. All except 8 state workmen's accident compensation laws now provide more than 50 percent of earnings. Fourteen state workmen's accident compensation laws now provide benefits of as much as 66⅔ percent of wages and one state provides 70 percent. Five other states provide 55 percent. It is, however, quite consistent with this principle to pay higher benefits proportionately to low-paid earners, while limiting the benefits to higher-wage workers by the establishment of a weekly maximum. Nevertheless, this emphasizes the necessity for a careful review of the maximum rate established by law.

It is also consistent with this principle to pay allowances to the dependents of qualified workers. Dependents allowances in social insurance are a sound method of distributing benefits in line with presumptive needs. If and when dependents allowances are included in the benefit formula, then readjustments can if necessary be made in the ratio of benefits to wages for single persons, since men (or women) with dependents obtain higher ratios because of their families. This is a principle which has been developed successfully in this country in old-age and survivors insurance and in workmen's compensation for industrial accidents; it has also been widely adopted in other social insurance systems throughout the world.

4. Benefit duration should preferably be uniform for all eligible claimants. This is sound both for social and private insurance. Our studies have indicated that under variable duration provisions workers entitled to few weeks of benefits exhaust their benefit rights most rapidly. It seems sound policy to provide uniform and substantial duration of benefits for every eligible individual, even though, as a result, the qualifying requirement may have to be raised and some individuals excluded from benefits entirely.

5. If the unemployment compensation system is to act as a genuine first line of defense in the readjustment period at the end of the war, the existing duration provisions in state laws must be lengthened. Some states now provide benefits for 20 weeks a year; many others could readily do so. Twenty-six weeks duration is not too long, especially under the conditions likely to exist at the end of the war.

6. The Board believes that the purpose of the disqualification provisions is to assure that benefits are paid only for genuine unemployment and not to punish a worker for changing jobs. If this view is correct, then disqualification should simply operate as a postponement of benefits for some weeks following the act for which the worker was disqualified; under no circumstances should disqualification operate to cancel, in whole or in part, a worker's previous wage credits.

7. Large numbers of workers have moved from one part of the country to the other in the war-time expansion of the past two years. Such shifts of workers may not be on such a large scale during the remainder of the war, but the responsibility of the community may become much greater because workers may be urged or required to move for war manpower purposes. After the war is over a large proportion of these workers may move back to their original states of residence. If these latter shifts occur under conditions of severe unemployment, the unemployment compensation and placement problem may be acute in many areas. These special problems require continued attention on the part of the states.

THE FINANCIAL PROBLEM

A second major responsibility of the unemployment compensation system is to insure that ample funds will be on hand when the time comes to pay the benefits which have been promised. There may be many programs of reconstruction, rehabilitation and relief during the post-war period. But unemployment compensation gives an assurance of security to the individual worker which no other program can give; the amount and duration of benefits which he can receive are fixed by law, and funds are set aside in advance to make sure that the benefits will be paid. The second half of this pledge is fully as important as the first half.

The accumulation of reserves in this country does not mean that we have solved the problem of unemployment, but only that the program has accumulated funds because of fortuitous circumstances. At the beginning of the unemployment compensation program and before benefits could be paid all states were required to collect contributions for two years so that an adequate reserve could be built up. A total of 22 states began to pay benefits in the midst of the 1937-38 depression, but only after part of the depression was over. Other states did not begin to pay benefits until business revival was well under way. The unemployment trust funds in these latter states have been tested only under relatively prosperous and war boom conditions. It would be foolhardy to translate such past experience into complacency about the future.

Experience rating is now sharply reducing the revenue being paid into many state unemployment compensation funds. It is estimated that in 1942 average contributions in the 34 states with experience rating in operation fell 37 percent, and employers in those states paid taxes at an average 1.7 percent contribution rate. The effect was to reduce the average employer contribution rate for the whole country to about 2.1 percent. In 17 of the 38 states with experience rating no penalty rates are provided for employers whose experience with the risk of unemployment is poor. In these states, experience rating can result only in tax reduction. Among them are states such as California, Connecticut, Florida, Kentucky, Massachuetts, and West Virginia in which the risk of unemployment is great. In the other 21 experience-rating states, which have penalty rates, the effect will be to impose penalty rates on large numbers of employers just when they are undergoing the difficulties of post-war adjustment.

This last point illustrates one of the difficulties of experience rating as it now operates. In an expanding war-time labor market, when the liabilities of the system are being multiplied, contribution rates are being radically reduced. On the other hand, in the post-war period when, for a time, business may be poor and employer pay rolls rapidly declining, contribution rates may have to be increased. This defeats the fundamental purpose of unemployment compensation, which is to set aside funds in good times for the payment of benefits in bad times.

There is equal lack of logic in some of the reduced rates which are now being granted to employers under the system. Many employers working on war contracts have greatly inflated pay rolls which will be sharply reduced at the end of the war, with consequent heavy drains upon the unemployment trust fund. Yet, these employers are now paying taxes at low war-time contribution rates based on their smaller-scale peace-time experience.

All of our studies indicate that although available funds may be more than adequate to meet present needs, they are not high enough for eventual contingencies. The cost of reconverting from a war to a peacetime economy is likely to be very great. While approximately $3.4 billion has been accumulated in the 51 state funds, which are accumulating collections at the rate of $300 million per quarter and from which benefits are being paid at a rate of $50 million per quarter, it must be remembered that we do not have one fund but 51 funds in this country, and that booming employment conditions now mean increased future drains on the funds later. These future drains will hit some states much more severely than others, and with no provision for pooling of the funds we are likely to see some states in grave financial difficulties while others remain quite solvent. On June 30, 1942, there were available in the combined 51 state funds enough to pay benefits equal to nearly 5 times the highest year of benefit payments. But it must be remembered that benefits heretofore have been based on the relatively low earnings of preceding years. Credits now being accumulated would result in much larger benefit payments even with the same volume of unemployment. Furthermore, disparity among the states was great. Hawaii could pay benefits at the rate of expenditure in its year of highest benefit costs for 34 years; Missouri, the District of Columbia, Delaware, and New Jersey between 12 and 13 years. At the other extreme, however, Idaho and Nevada had funds available only for less than 2 years; while 22 states

had enough for between 2 and 4 years. Moreover, these figures reflect benefit payments in the past, and do not measure reserves in terms of benefit payments in the post-war years to come.

POSSIBLE STATE ACTION

This is then the dilemma with which the present program is faced. There will be urgent need in the post-war period for an adequate system of unemployment compensation benefits throughout the country. This makes it imperative that funds on hand be sufficient to insure the payment of such benefits. The latter objective is complicated by the fact that the unemployment trust fund is divided into 51 separate state accounts. What can the states individually do?

It seems to the Board that the primary objective of every state should be to expand and extend its unemployment compensation program to as nearly full adequacy as seems possible at this time. Unwarranted fears of competition from other states should not prevent states from making necessary and desirable improvements in their laws.

In achieving this primary objective, the states fall naturally into three distinct groups. First, there are many states which are in a financial position to make all necessary and desirable changes in their unemployment compensation laws. These are the states which have ample reserves at the present time. In this group are states without experience rating which have maintained normal contribution rates to date; but also some experience-rating states which have, in spite of reduced contribution rates, built up large reserves.

A second group of states are those in which experience rating has operated to limit the possibilities of desirable changes in benefits. In some of this group of states, sharp reductions in contributions in the last two years have weakened the financial position of the state by *limiting the growth of reserves.*

Every state in this second group should strengthen its financial position by revision of its experience-rating formula and should determine the extent to which the benefit structure can be improved though increased contribution rates.

Finally, there is a group of states, some with experience rating and some without, in which past benefit payment experience and current reserves clearly indicate that no major upward revision of the benefit schedule is possible at this time without a higher average contribution rate than 2.7 percent. These are states which have thus far paid out in benefits a fairly high proportion of the contributions collected or which have as reserves an amount which is comparatively small in relation to potential liabilities as reflected in current pay rolls. Not many states can be placed in this group, although among them are a few of the larger states.

This last group of states constitutes the weak link in the present unemployment compensation program. They are the states in which any reasonably adequate unemployment compensation program is possible only with long-run contributions higher than 2.7 percent.

CONCLUSION

In closing, the Board wishes to reiterate that in the present legislative sessions, the states have both heavy responsibilities and great opportunities for action in unemployment compensation. The risks of the future are incalculable, but under any circumstances it seems likely that there will be urgent need for a sound and strong unemployment compensation program in this country. It is for the states to determine what they can accomplish towards achieving this end.

North Carolina Amends It's Compensation Law

The Legislature has again acted to relieve the hazards of unemployment for men and women returning to civilian life after serving their country in any capacity with the armed forces. Among other enactments, the section of the law freezing the benefit rights of those in military service is now amended so as to allow each worker a period of six months after his discharge in which to file a claim for unemployment benefits, on the basis of prior earnings in covered employment. The application of this provision has been extended indefinitely beyond the previous expiration date of July 1, 1943.

The effect of this change may prove in the future to be the most far-reaching of those made in the law by the members of the General Assembly recently completing their 1943 session. Meanwhile it imposes on the Unemployment Compensation Commission an added responsibility for carefully maintaining all its million and more wage record accounts, since it cannot be known how many of them, or when, will be required to process claims that may be filed as workers return from military duties.

The Legislature also acted to strengthen and implement the administration of the unemployment compensation law in various other directions, and the Commission is now engaged in putting the new amendments into effect. The most important from the point of view of operations are as follows:

MEASURES AFFECTING WORKER CLAIMANTS

MOTHERS

A stipulation has been made as to the eligibility for unemployment benefits of expectant mothers. It is now written into law that a claimant shall not be considered able and available for work for a period of three months before and three months after the birth of a child. Heretofore this situation has caused the Commission a good deal of trouble in attempting to arrive at a fair and uniform determination of cases. Many employers have felt that because of the public nature of their businesses such a claimant should stop work, while on the other hand claimants have insisted that they are able to work and will produce doctors' certificates to that effect. The new statutory provision clarifies the point and is expected to assist administration greatly.

VOLUNTARY SEPARATIONS

Voluntary separations with good cause must now be attributable to the employer before the claimant is eligible for benefits. An individual may be deprived of benefits under this provision if there is voluntary leaving on his part and such voluntary leaving is without good cause attributable to the employer. If an individual separates voluntarily with good cause, but the cause cannot be reasonably attributable to the employer, then the individual is subject to disqualification.

It would seem that a proper interpretation of this provision would subject all married women to disqualification who leave their work in order to join their husbands in some other city or state; in fact, it would subject all claimants who voluntarily separate from their work to disqualification unless the claimant can show that the employer produced the cause of separation, and even then, the cause must be a good cause.

VACATIONS

Another stipulation as to eligibility of claimants deals with the matter of customary unpaid vacation periods. When these are not longer than two weeks in any year, and employment is available to a worker at the end of such a customary vacation, he shall not be considered as available for work or eligible for benefits during that time. Thus, customary vacations shall not be considered as weeks of unemployment, and employers are relieved of the clerical burden of filling out separation notices.

DEDUCTIONS

The effect of another amended section of the law is the discontinuance in the future of the practice of deducting from weekly benefits the amount of primary insurance payments made to a claimant under Old Age and Survivors' Insurance. It was thought that such a deduction was unjust, since it would not be made if the claimant had an income from a pension, private annuity, or other source.

Under the present law, the primary benefit paid under the Old Age and Survivors' Insurance program does not affect a claimant's right to benefits for unemployment compensation. Dismissal wages, however, do affect the claimant's right to benefits and if less than the weekly benefit amount, a deduction is made and the claimant is paid the balance.

PARTIAL UNEMPLOYMENT

The definition of partial unemployment has been clarified by a section which provides that partial benefits are not applicable to an individual whose regular scheduled full-time hours (such as some janitor or night-watchman service, for instance) are found to be none or less than the customary scheduled full-time hours of the industry or plant in which he is employed.

INFORMATION

The Commission has now been expressly permitted to furnish a claimant specific information as to his wage credits and potential benefit rights before a claim is filed, so that he can intelligently make up his mind as to whether to apply for benefits at one time or wait until some other time, such as the beginning of a new benefit year.

BENEFIT YEAR

A redefinition of the benefit year clearly fixes the time when a claimant's benefit year begins as the time when he files his claim after earning the minimum qualifying wages of $130. This is intended to eliminate the problem of some claimants who would have been in a position inadvertently to start benefit years that might have been useless to them.

INTERSTATE AGREEMENTS

The Commission has been authorized to enter into reciprocal compacts or agreements with other states to the end that wage credits, payroll information, etc., be pooled, thus enabling interstate claimants to be more promptly and equitably paid benefits. The intention of this amendment is to dispose of criticism that state administration of unemployment compensation does not take care of the migratory worker—the claimant who goes from state to state. Where a claim is filed against North Carolina in another state, this Commission would report the wage information and remit the benefit funds to the state wherein the claim is filed. The worker would be paid according to the benefit formula of the state where the claim is filed. Inasmuch as some states are more liberal in their benefit formulae—that is, pay larger weekly benefit amounts—this will result in some cases in giving the claimant more money than if he had filed in North Carolina. It is thought, however, this is the best practical approach to the problem. In the long run, the balance should be in North Carolina's favor.

REVIEW

The effect of two other amendments is to permit the Commission to order a review of a proceeding before a claims deputy, but denies to a claims deputy the right of appeal from a decision of an appeals deputy. Under the law as it previously stood, according to a ruling of the Attorney General, the Commission did not have power to review and correct a decision of a claims deputy, no matter how erroneous it might be. In view of the fact that the Commission is entrusted with the care of the benefit fund and is charged with the duty of paying benefits to eligible claimants, the Commission should have the right to review and correct an erroneous decision, or a decision that is not proper under the law.

PUNISHMENT

Another amendment looks to speedier convictions of persons who have fraudulently obtained unemployment compensation. The penalty for making false statements in applying for benefits has been reduced by providing for either a fine or imprisonment, and dropping the clause, "or by both such fine and imprisonment." The effect of removing this clause from the penalty provision in the law, is to give justices of the peace jurisdiction of the offense when a claimant is charged with receiving weekly benefits to which he is not entitled, because otherwise employed and earning wages which he fails to

report. Heretofore persons prosecuted under this section of the law have been tried in county courts, recorders courts, and the Superior Court. The punishment in most cases has consisted of a judgment, suspended upon the repayment to the Commission of the money wrongfully received. It is thought that the same results can be obtained in a prosecution before a justice of the peace, and in a much shorter time. It is felt that the certainty and speed of prosecution counts most in cases of this kind.

PENALTIES

Two new sections have been aded to the law which penalize claimants who receive any benefits by reason of intentional non-disclosure or misrepresentation of material facts or who are discharged from employment for and convicted of, or confess to, larceny or embezzlement connected with their employment. In these instances, a claimant will lose all of his benefits rights from the base period in effect at that time. While the Commission has been able to cause such claimants to be prosecuted under the criminal law, nevertheless it is thought desirable that any guilty of such conduct should suffer additional loss of benefits. The fund is built up for the use and assistance of all legitimate claimants, and the Commission does not wish the payment of benefits to become a "racket" in North Carolina, as the experience of some other states tends to show.

All disqualifications will be inflicted from and after the day the claim is filed; this will prevent claimants from self-serving periods of disqualification and thus avoiding the provisions of the law. A claimant may also be inflicted with more than one period of disqualification which may be imposed in any benefit year. The minimum number of weeks of disqualification remains as set forth in the old statute; however, the maximum period of disqualification has been changed to 12 weeks in each case of voluntary separation, discharge for misconduct, and refusal to accept suitable work.

MEASURES AFFECTING EMPLOYER TAXPAYERS

COVERAGE

It has now been provided that if an employer is subject to the Federal Unemployment Tax Act and has fewer than eight employees in this state, he thereby becomes an employer in this state even though he has only one employee here. This compels an employer who has employees in several states, but not enough in any one state for compulsory coverage, either to become a covered employer in North Carolina or to elect to put all of his unemployment compensation coverage in one other state under the reciprocal provisions.

This provision carries with it another implication —as affecting occupational groups which might conceive that the nature of their business does not come under the state law. For instance, a bill that proposed to exempt services performed by barbers and beauticians on the ground that such services do not come within the meaning of employment under the state law was allowed to die in committee when it was pointed out that exemption from tax under state unemployment compensation of any group liable under the federal law, would merely mean that the Federal Government would then collect the whole of its tax of 3% of the payroll, and the state fund would lose the 2.7% of such revenue now credited to employers when they pay it to the state.

RECIPROCAL AGREEMENTS

The Commission is now authorized to enter into reciprocal agreements with other states to the end that an employer having employees in several states may concentrate all of his unemployment compensation in a single state; employees in other states may file their claims and be paid according to the benefit formula of that state and the paying state will be reimbursed by the state in which the employer is covered. These reimbursements will be charged as benefits against the employer's reserve account.

REFUNDS

An employer who erroneously pays sums for which he is not liable now has three years from the last day of the period with respect to which tax is paid, or one year from the date of payment, whichever will give the taxpayer the longest time in which to claim a refund. The previous limitation of one year proved to be too harsh and unjust in the administration of a complex statute. Frequently partners will pay the Commission taxes based on the earnings of the individual partners, or an employer will pay taxes based upon wages paid farm workers or domestic servants. Such payments should not have been made and it is more than a year in most cases before these employers discover it. Under the short limitation in the old statute, the Commission has been compelled to refuse refunds in many meritorious cases.

PAYMENTS

Employers are now to be given credit for timely payments made through error to other states that should have been made to North Carolina and when such payments are received by this state, they will be deemed to have been made in time, and no penalty will be incurred. This eliminates all unjust interest charges against an innocent employer.

Another amendment gives employers a few days more latitude by changing the due date of tax to the last day of the month following the close of the quarter, instead of the 25th of the month, and clarifies the language with respect to taxes being due upon wages "paid" during the quarter.

VOLUNTARY CONTRIBUTIONS

The law now contains a provision that the Commission will not be bound by any condition stipulated in a voluntary contribution by an employer. The employer experience rating system in the law allows an employer to estimate his reserve account balance and make a voluntary payment to his account, if he feels that it will so raise his balance as to entitle him to a reduced tax rate and thus a tax saving. His reserve account may be in such condition that this would be unwise; on the other hand, his reserve balance may stand in a position where a reasonable addition would result in a reduced tax

(Continued on Page 81)

Trends In Industry, Employment and Wages

BY S. F. CAMPBELL, SENIOR STATISTICIAN

North Carolina wages are increasing faster than employment. They have shown an increase of 70 percent in two and a half years, while at the same time the volume of employment from which the wages were drawn has expanded by only 28 percent, according to a special study of trends in employment and wages for 1940, 1941, and the first six months of 1942, based on comparable reports to the Unemployment Compensation Commission from industrial establishments and business firms.

As employment and wage data are accumulated by the Commission over a period of years, they become of increasing importance in measuring trends in industry, employment, and wages. The average number of workers[1] in covered employment during the second quarter of 1942 was 562,497. This figure is equal to 82 percent of the labor force of the state employed in non-agricultural and non-service industries, and according to the 1940 population census there were employed in agriculture 409,050 workers, who are not generally covered by the Unemployment Compensation Law. In service industries there were 256,381 workers, 39,504 of whom were so covered. It will be seen, therefore, that the records of the Commission furnish the largest sample of industrial labor ever available to the state for analysis purposes —a sample which has special barometric value in any study of business and economic trends in the state.

Tables have been prepared disclosing in some detail the monthly, quarterly, and annual trends in the major industry groups of agriculture, forestry and fishing, mining, construction, manufacture, distribution, finance, insurance and real estate, and service. In analyzing trends in employment and wages, it is necessary to restrict the study to identical establishments, that is, those who report in each of any two successive periods being compared. For instance, the comparison between the first quarter of 1940 and the second quarter of 1940 considers only those employers who made reports to the Commission by a special cut-off date for both quarters. The same applies to comparisons between successive quarters.

For example, the employment figure for 1941, based on identical firms, was an average of 498,468, which is less than the average number of covered workers, based on all firms, for that period by 50,563, or 9 percent. The average number of covered workers during 1941 was 549,031; however, not all of the employers for whom they worked reported in two successive months during the year. These were excluded from comparisons which include only identical firms reporting in two or more successive periods, with an average of 498,468 workers.

Trends are indicated in the accompanying summary tables and are represented by percentage changes from month to month and from quarter to quarter.

TRENDS IN EMPLOYMENT IN IDENTICAL ESTABLISHMENTS

Employment increased in all industries in 1941 over 1940. The monthly average of employment in identical firms for all industries increased in 1941 over 1940 by 17 percent. For the first half of 1942 the increase in employment was less pronounced: 7 percent for all industries, while agricultural services,[2] distribution, and finance developed slight declines. Mining increased in 1942 at a rate 15 percent higher than in 1941. In 1941 the increase over 1940 was 14 percent. For the first six months of 1942 the increase over 1941 was 16 percent. In all other activities the increase was at a much lower rate than in 1941; construction, from 1940-1941, 99 percent; from 1941-1942, 25 percent; manufacture, 1940-41, 14 percent; 1941-1942, 7 percent; transportation, 1940-1941, 19 percent; 1941-1942, 9 percent; and service,[3] 1940-1941, 23 percent; 1941-1942, 11 percent.

The general monthly trend was irregular for each year. In 1941 declines from the previous month occurred in April, May, June, August, October, and December. In 1941 eight of the twelve months reflected gains, but the year ended with a decline which extended from November, 1941 to March, 1942. In 1942 three months have ended with gains and three with losses; and while June registered a loss from May, employment was above January 1942, and the average for the second quarter was 6 percent above the first quarter.

TABLE I.—NUMBER OF COVERED WORKERS REPORTED AND WAGES PAID IN IDENTICAL ESTABLISHMENTS REPORTING IN TWO SUCCESSIVE QUARTERS, JANUARY 1, 1940 TO JUNE 30, 1942

PERIOD	Agriculture Forestry Fishing	Mining	Construction	Manufacture	Transp. Communication Utilities	Distribution	Finance Insurance Real Estate	Service	Other	All Industry
Average Monthly Number Workers, 1940	121	2,344	15,996	299,539	15,437	68,781	8,950	14,699	38	425,907
Average Monthly Number Workers, 1941	193	2,668	31,778	341,562	18,359	75,406	10,344	18,088	68	498,468
Average Monthly Number Workers, 1942	187	3,089	39,770	365,990	20,018	73,698	10,185	20,136	42	533,113
Average Monthly Wages, 1940	9,354	160,939	1,119,508	22,081,564	1,637,581	5,841,225	1,199,934	961,702	2,486	33,014,292
Average Monthly Wages, 1941	15,251	215,436	3,354,786	28,459,174	2,024,876	7,159,704	1,445,191	1,266,336	4,355	43,945,110
Average Monthly Wages, 1942	14,636	273,237	5,691,345	33,675,593	2,464,083	6,880,705	1,488,073	1,611,472	3,079	52,102,223
Percentage Increase 1940–1941:										
Employment	60.0	13.8	98.6	14.0	18.9	9.6	15.6	23.1	78.9	17.0
Wages	63.0	33.9	199.7	28.9	23.7	22.6	20.4	31.7	75.2	33.1
Percentage Increase 1941–1942:										
Employment	−3.1	15.8	25.1	7.2	9.0	−2.3	−1.5	11.3	−38.2	7.0
Wages	−4.0	26.8	69.6	18.3	21.7	−3.9	3.0	27.3	−29.3	18.6

TRENDS IN WAGES IN IDENTICAL ESTABLISHMENTS

Wages increased in all industries during 1941 over 1940, and during 1942 over 1941, except in agricultural services and distribution. The increase in wages for all industries during 1941 over 1940 was 33 percent; 63 percent for agricultural services; 34 percent for mining; 200 percent for construction; 29 percent for manufacture; 24 percent for transportation; 23 percent for distribution; 20 percent for finance, insurance and real estate, and 32 percent for service industries.

The increases in wages during the first half of 1942 over 1941 on a monthly average basis were at a much lower rate than in 1941: mining, 27 percent; construction, 70 percent; manufacture, 18 percent; transportation, 22 percent; finance, insurance and real estate, 3 percent; and service industries, 27 percent.

It is significant that the rate of increase in wages during 1941 was nearly twice as great as the rate of increase for employment and for 1942 more than twice as great. Factors contributing to the lead of wages over employment include first of all the extent to which work on military establishments brought about an immediate increase in wage levels in practically all construction occupations, as well as for unskilled labor so employed. Furthermore, in many industrial activities minimum wage levels have been raised as a result of the operation of the Wage and Hour Law. Round-the-clock production, with an increase in the amount of over-time wages, has also contributed; as have also military inductions, which have compelled many employers of labor to carry on with a short-handed force where a larger number would ordinarily have been employed. And many occupational readjustments have been made, in order to take advantage of higher wage levels in war production centers. The result of these influences is that the average total wages per month in identical establishments for the first half of 1942 are 70 percent above the first half of 1940, while employment is only 28 percent above.

The increase in wages probably reflects more accurately the trend in general business conditions since January 1940. Three of the leading business indicators used by the Commission's Bureau of Research and Statistics in the compilation of its monthly business index indicate an improvement of 52 percent. For instance, for the first six months of 1940 the index of cotton consumption was 112, electric energy production, 118, and bank debits, 95, or an average for the three activities of 108. During the first six months of 1942, cotton consumption averaged 157, electric energy production, 149, and bank debits, 186, an average for the three of 165, and an increase of 52 percent over 1940.

TABLE II.—INDEXES OF EMPLOYMENT AND WAGES IN IDENTICAL ESTABLISHMENTS
Basis: 1st Quarter 1940 = 100

Industry Group		1940				1941				1942	
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter
Agriculture, Forestry, Fishing	Employment	100	93.8	85.5	98.1	146.0	168.8	118.5	171.8	136.6	156.3
	Wages	100	98.7	80.3	94.5	137.1	162.4	120.1	189.4	132.7	159.5
Mining	Employment	100	155.0	160.6	159.5	142.9	155.8	176.8	172.7	180.3	194.9
	Wages	100	177.1	175.1	189.6	157.2	177.2	234.4	290.3	233.6	311.3
Construction	Employment	100	116.0	121.7	118.4	276.9	272.0	168.7	188.6	184.7	382.3
	Wages	100	121.6	125.5	136.2	421.8	408.5	226.6	367.8	468.1	760.5
Manufacturing	Employment	100	93.9	96.1	99.8	104.5	107.6	114.3	118.0	118.8	119.3
	Wages	100	94.7	102.4	112.5	109.9	121.7	134.9	161.4	151.9	160.5
Transportation, Communication and Utilities	Employment	100	94.3	94.2	101.2	104.6	109.8	119.3	129.7	115.5	137.1
	Wages	100	90.0	94.5	104.0	103.9	110.3	121.7	144.5	125.4	166.9
Distribution	Employment	100	96.0	104.7	115.1	100.0	106.5	117.7	131.6	112.6	110.2
	Wages	100	95.2	99.6	119.8	102.7	117.9	119.0	168.4	123.1	121.0
Finance, Insurance, and Real Estate	Employment	100	105.7	83.1	109.5	108.1	113.7	118.4	119.9	117.4	109/2
	Wages	100	95.1	78.5	109.7	108.0	104.2	116.1	133.3	126.0	111.7
Service Industries	Employment	100	98.7	90.4	80.8	104.5	110.3	115.6	124.7	119.1	134.2
	Wages	100	97.3	92.5	89.4	108.2	110.6	126.1	154.4	144.2	173.5
All Other	Employment	100	281.3	331.3	237.5	250.0	564.3	543.8	425.0	300.0	218.8
	Wages	100	415.6	486.0	451.3	326.6	594.9	552.9	1071.0	546.7	353.2
All Industries	Employment	100	95.6	98.0	102.6	109.7	113.3	117.2	123.4	120.1	127.8
	Wages	100	95.7	101.1	113.4	118.0	127.8	133.4	166.8	153.6	170.2

TOTAL EMPLOYMENT AND WAGES— NOT TOTAL EMPLOYMENT NOR ARE THESE COMPARISONS

In comparisons between data used for trend analysis and the total figures for employment and wages, it is of interest to note that of the total wages paid in 1941 amounting to $571,135,090, only $539,485,017 was subject to contribution for unemployment compensation. The remainder, $31,650,073, represented wages paid to individuals during the year in excess of $3,000, which were not subject to tax. This was equal to 6 percent of the total wages paid. For agricultural services, it was only 3 percent; for manufacture, 4 percent; for transportation, communication and utilities, 5 percent; for distribution, 11 percent; for finance, insurance and real estate, 13 percent; and for service industries, 6 percent.

Employers report all wages paid, including salaries of administrative officers and clerks. Since relatively few production workers earn in excess of $3,000 annually, a comparison of the proportion of total

(Continued on Page 78)

North Carolina's Furniture Industry

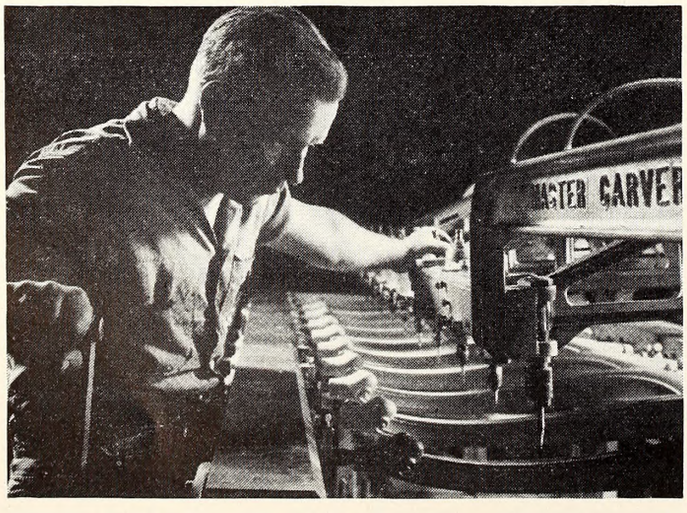
The manufacture of furniture is not only one of North Carolina's leading industries, but for several years this state has ranked first in the country in production of wooden furniture. Now that there is a war on, the industry has to a large extent converted its activities to special military uses. Furniture craftsmen, their ranks depleted by the draft, are making full use of their skills, assisted to an increasing extent by women workers.

In speaking of the wooden furniture industry, one is really referring to a family of closely related industries ordinarily making a wide variety of products and serving various purposes. It includes establishments manufacturing household, office and public building furniture, shelves, window screens and venetian blinds, store fixtures, coffins and caskets, wooden containers, and other miscellaneous finished lumber products, with household furniture by far the largest unit in the group in North Carolina. This is a somewhat broader concept of the industry than that generally used.

The last census of manufactures (1939) shows that 80 percent of wood furniture production in the United States is carried on in a dozen states, with North Carolina well in the lead of them all, turning out 12 percent of the total production for the country. In considering only the medium and larger firms, it was estimated that the average plant employs about 125 workers, with annual value of production of $325,000.

In North Carolina, where the average firm is larger than for the country as a whole, it is found that one-half of the plants employ fewer than 50 persons.

1942 reports to the Unemployment Compensation Commission listed wages of $30,881,566 paid to some 27,614 workers in 200 woodworking plants. That means that in this state the several larger manufacturing establishments bring the average number of workers per firm up to 138. The larger companies, as a rule, operate a number of separate units of about average size, and thus size of company with comparatively large production often is the result of operating multiple units rather than one large plant.



From Drexel Furniture Co.—Photo by Hedrich-Blessing Studio.

Studies that have been made of the wood furniture manufacturing industry show that, for the country as a whole, much of the furniture production is in the smaller towns and in the southern area a large proportion of the furniture is produced in towns where no other industrial work is available. Surveys made for the Wage-Hour Hearings in 1941 showed that in the southern states over two-thirds of the firms employing over two-thirds of the workers, were located in towns of less than 20,000 population; and that 29 percent of firms and workers were in places of 5,000 and less. Another survey of 602 furniture manufacturing firms in 13 southern states, based on capital ratings, showed only about 7 percent of them carrying capital ratings of $500,000.00 or over; while 78 percent of the firms had capital ratings of $100,000.00 or less.

The 1942 production of wood furniture has declined substantially from 1941, due to the impact of war conditions. Much productive labor employed in furniture factories has been drafted into the armed services and many workers moved into armament production, where the scale of earnings is more attractive. But the furniture industry is now doing war work too—it is currently over 60 percent on war production as against less than 10 percent a year ago—and has been replacing its lost workers.

The latest reports available from the United States Employment Service for North Carolina, covering the first two months of 1943, show 2,827 new hires. The employment of women workers has increased by 57 percent since November, and of non-whites by 23 percent.

A government order prohibiting the use of metal springs has virtually eliminated the upholstered branch of the furniture industry. Consequently springless construction has now become a market feature and a new type of wood spring is being developed, but this will only be adapted to small pieces. But as upholstered furniture has been the principal item in the living room and library furniture, which formerly constituted nearly half of the total production of all wood furniture, further production for the duration must be largely what is known as "case goods"—that is mainly bedroom and dining room pieces.

The larger plants are going into war work as rapidly as their facilities are needed. Many plants are already devoting a good two-thirds of their production to war purposes, the remainder continues on household furniture. There is no shortage of woodworking facilities for materials or products needed, as evidenced by the large number of furniture manufacturers who bid on the various wood product items required by military and government procurement agencies.

Military goods now produced by furniture factories include aircraft and glider plywood and solid wood parts, plywood for lend-lease, lockers, gun-

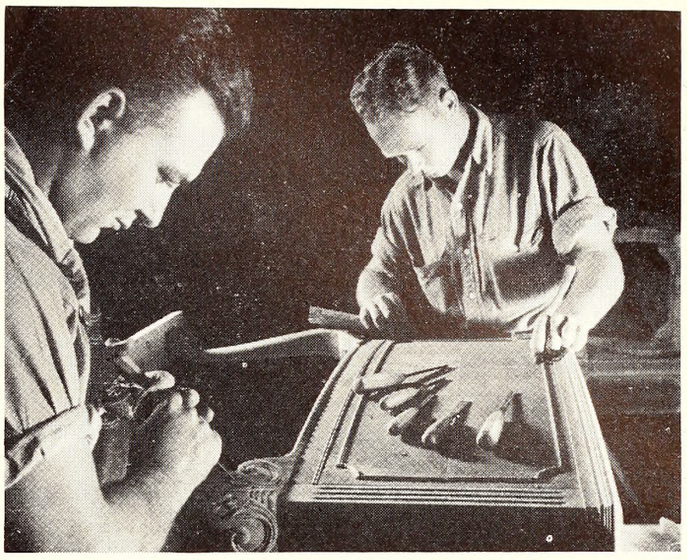
*As reported to March 1, 1943.

stocks, cargo truck bodies, life rafts, ammunition boxes, double-deck bunk beds for the Army and Navy, dummy guns, wooden bomb plugs, stake tent pins, rolling pins, spatulas, as well as any items of furniture required such as desks, sofas, and chairs.

The combination of war and civilian production has been found most practical by manufacturers. In the main, war production ties up certain machines or facilities and leaves others without use. Where required to meet delivery schedules, manufacturers have operated machines on multiple shifts for war work and operated the remaining plant, machines, and facilities on normal single shift for furniture production. Otherwise, plant operations are left in a very unbalanced position, the total volume of production is greatly reduced, costs are increased, and in most cases workers would be thrown out of employment.

The objectives, as announced by the government, to be accomplished by a concentration program for industry are conservation of labor, transportation, critical materials and electric power. With respect to all of these, the wood furniture industry is in a relatively favorable position. Since the majority of its plants lie outside the big industrial areas these cannot directly compete for labor in war production centers. Transportation consumed by the wood furniture industry in moving raw materials to the point of manufacture is comparatively small. Both in bulk and in value, raw materials used consist chiefly of lumber and veneers. Furniture producers, as far as practical, purchase their lumber at nearby points, and in hardwood lumber areas create a market for the lower grades of hardwood turned out by local saw mills, which is not suitable for other purposes. Other raw materials used constitute but a small portion of weight and volume of the finished products. Lumber mainly used by furniture manufacturers represents the lower grades: such as No. 1 common and No. 2 common, log run or mill run. Much of this is used for core stock in the production of plywood, where defects do not affect the value of the lumber for this purpose. An estimate by the W. P. B. indicates that the furniture industry consumes less than five percent of the nation's lumber output. As to power, most furniture factories, especially those that are highly mechanized, produce their own, using as fuel saw dust, shavings, and waste wood. Shavings and wood dust created by planing and sanding wood surfaces must be disposed of and this is most effectively done by using it for fuel in generating electric energy. A big volume of such fuel is usually carried through a blow-pipe system into the furnace of a steam boiler, enabling furniture factories to generate power at less cost than they can buy it.

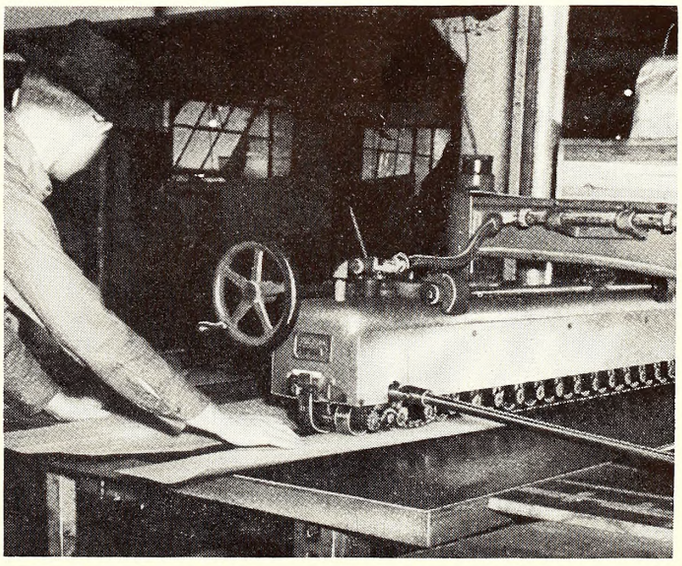
"Woodworking for War" has become a major theme, and is the title of a recent publication of the High Point Furniture and Woodworking Manufacturers' Association. This 108 page catalog comprehensively describes with a plant-by-plant statement of factual data, the war production facilities of the member firms. Twenty-seven factories unite to show how they are jointly able to forward the prosecution of the war program, starting with the advantages of



From Drexel Furniture Co.—Photo by Hedrich-Blessing Studio.

a dependable labor supply, readily accessible materials, ample power facilities and plant equipment. From manufacturing independently a wide variety of products, from hand carving to drawer knobs, office desks to children's furniture, upholstered goods, benches, bookcases, cabinets, chairs, tables, bedroom, living room, dining room, breakfast room and kitchen furniture, as well as products for office, school, and institution; their craftsmen are now with little or no conversion except as to type of product, able to turn out specialized military products including dormitory equipments, cots, litters, stretchers, hospital equipment, sleds, ammunition and kit boxes, ammunition carriers, gunstocks, wooden life boats and rafts, laminated wood panels, airplane parts of wood, and such other wooden articles as the war program demands.

It is with respect to wooden parts for aircraft that the furniture industry is now making its most dramatic and most important contribution. The increasing demand is causing concern over the capacity of the wood-working industry to fill the need for plywood and other wooden parts and accessories in the



View of splicing operation and veneer stock for aircraft. This veneer is 1/100th of an inch thick. Photo from Thomasville Chair Co.

quantities and under the specifications required by the building program for gliders, cargo transport planes, training planes, etc.

Some planes are built entirely of wood, altogether saving of critical metals. Charles C. Lincoln, Jr., writing in the September 1942 issue of *Furniture Manufacturer* predicted that every hot-plate press in America, whether it is in a furniture plant, in a plywood plant, or elsewhere, would be operating 24 hours a day, seven days a week, to try to meet the plywood demand alone.

Other furniture manufacturers are looking even farther ahead to after the war production, noting advanced methods of manufacture. One producer writes that: "So far as the future is concerned, there is a great deal in store for the progressive manufacturer. One of the difficulties that we have experienced in the past is now being thrashed out by the new inventions of the liquid resin and phenol glues and the hot-plate press for plywood work. The phenol glue that is used is revolutionizing the workmanship and the durability of our product. The postwar developments will advance further in this field. There will be electronic oscillator driers for heat induction and we look forward to other scientific electronic inventions to improve methods of operation. New machinery put into mass production plants, such as the master carver (see illustration) is a great improvement. Other machinery will be developed for drying and conveyors will be invented to benefit working conditions and increase production.

TRENDS IN INDUSTRY (CON.)

wages represented by wages in excess of $3,000 furnishes information concerning administrative personnel costs in the various industry groups. It is significantly low in agricultural services, construction, and in manufacture, and highest in financial activities and distribution.

TRENDS FROM THE 1940 LEVEL

In addition to the rate of change as shown in Table I a further means of comparison with the 1940 level is provided by the indexes in Table II, taking the first quarter of 1940 as equal to 100 for quarterly comparisons. An index is also given for each industry for each quarter, which is a percentage of the first quarter of 1940 level; an index is likewise given for all industries.

From this table, it may be seen that for agricultural services, employment during the second quarter of 1942 was 56 percent higher than for the first quarter of 1940; while wages in agricultural services showed only a slightly greater increase. In mining, however, employment was 95 percent above the first quarter of 1940, while wages in the mining industry had increased 211 percent above the 1940 level. The increase in construction wages over employment was even more pronounced. Employment in construction at the end of the second quarter of 1942 stood at 282 percent above the first quarter of 1940 and wages 661 percent above.

In practically all groups wages outstripped employment in the upward swing by large margins. The only groups in which there was close correlation between employment and wage movements are agricultural services, and finance, insurance and real estate. In agriculture, employment in the second quarter of 1942 was 156 percent above the first quarter of 1940, and wages were 160 percent above, only a slight increase of wages over employment. In finance, insurance and real estate, employment in the second quarter of 1942 was 109 percent above the first quarter of 1940 while wages stood at 111 percent. As previously stated, for all groups the 1942 level on June 30 was 28 percent higher than for the first quarter of 1940, while wages were 70 percent above the 1940 first quarter level of employment.

During the period here reviewed the amount in reserve for the payment of unemployment benefits rose from $18,187,375.76 on January 1, 1940, to $40,803,039.61 on June 30, 1942—an increase of 124 percent.

NOTES

(1) The average number of workers reported each month during a year is, of course, not the same as the total number of *different* workers reported during a year. Actually, there were more than 800,000 *different* workers reported in 1941, as compared with average monthly employment of 549,031. This study deals with average monthly employment.

(2) This includes largely cotton ginning; processing and other specialized farm services, as well as forestry and fishing industries.

(3) These include largely hotels, theatres, business and professional services.

FAN MAIL COMMENTARY

"I am especially appreciative of the study on *Trends in Industry, Employment and Wages* for 1940-1941-1942 (first half), which you enclosed. This impresses me as a very fine and well-judged study, especially in its usage of identical concerns for successive quarters, which binds the whole sequence of figures together. The size of the sample, being only 9.2 percent less than the average number of workers in covered employment for 1941, puts this study in a class by itself as far as coverage is concerned. I am still analyzing the implications of the varying percentages of defense-period gain in the different categories of employment, and shall be doing so for some time to come. I wish I had this same setup for all states in our Southeastern Region, and I am calling your tabulation to the attention of the regional statistician of the War Manpower Commission as a model which might well be followed for a uniform set of studies in the six-state area just south and west of North Carolina."

—ERNEST J. HOPKINS, Senior Research Statistician
National Resources Planning Board
December 21, 1942

U. C. C. Operations

SUMMARY OF 1942 ACTIVITIES

1942 proved to be an eventful year in the affairs of the Commission. It has seen unemployment diminishing toward the vanishing point, industrial activity of the war boom bringing expanded collection duties and at the same time a number of administrative problems.

At the beginning of 1942, unemployment throughout the state was considerable. In January, as measured by the number of benefit checks the Commission is called upon to pay out each month, it was only slightly below the average of the previous five years, and expectations at that time were that it might increase because of plant conversions and shortages of materials due to priorities. In fact, the Commission was so concerned with the possibilities of extensive priorities unemployment that its Bureau of Research and Statistics undertook several surveys of the situation in critical North Carolina industries—notably textile and wooden furniture manufacturing.

But the labor situation was changing so rapidly from an employers' market to a workers' market, and the state's industries converted so quickly to war production, that men and women losing their jobs in 1942 were soon absorbed elsewhere. The Commission has seen its claim load for unemployment benefit payments shrinking to almost nothing. As early as last June, the number of checks written during a month fell below 30,000—the smallest such number in the Commission's history. Since then the number of checks claimed has dwindled to less than half that number. This means that of North Carolina workers protected by the unemployment compensation program, probably not more than 2,500 are without jobs today—or fewer than one in 300 of those with established wage credits.

With industry continually calling for more workers than could easily be found, the Commission made an examination of claimants during a two week period to discover the characteristics of the unemployed. From this study it appeared that the worker who was without work then in North Carolina was most likely to be a woman, in her early thirties, formerly engaged in specialized textile manufacturing. Almost a fourth of the claims were for partial unemployment.

In spite of decreasing claim loads for unemployment benefit payments, the number of cases being appealed for redetermination to the Commission's deputies has shown a decided increase during 1942. For instance, the total number of appeals for the four months of August through November was only slightly less than that for the whole year of 1941—the number of cases being received each month just about three times the 1941 average. Practically all of these appeal cases are those of women claimants and are concerned with the issue of availability for work. Most of the appeals arise because of the position taken by the Commission that a female claimant is not available for work within the meaning of the law until she has made definite arrangements for the care of her children and the performance of other domestic duties. Other appeals from the women were concerned with benefits forfeited as a result of voluntarily leaving their last employment in instances where they have quit work to follow their husbands to other localities. For if it could be shown that this was a voluntary leaving "with good cause," the claimant might not be disqualified from benefit payments. This question was occurring more frequently, with the greater movement of workers from place to place in answer to the demands of war industries.

Another important phase of the Commission's work to which special attention has been given in recent months is the handling, by the fifteen claims deputies, of the cases of claimants who have received benefit payments to which they were not entitled. How to prevent fraudulent claims and to recover money paid out on them is a constant worry. Although the amount in any one year is relatively small compared with the total value of benefits paid, the Commission's deputies pursue the irregular claimants, usually through the courts, to the end that a considerable proportion of overpayments are eventually returned to the unemployment compensation fund. For instance, during October and November of last year, some 60 recipients were haled into courts throughout the state, and were ordered to repay the $1,136.00 which they had wrongfully collected.

The establishment of the Unemployment Compensation Commission in North Carolina contemplated the performance of two distinct, though interrelated functions. On the one hand it is concerned with paying weekly benefits to workers insured against loss of their pay under the program, when they are without work through no fault of their own. On the other hand, the Commission is charged with the collection from employers of the money which constitutes the unemployment compensation trust fund. If in recent months, the Commission's check-writing business has been approaching an absolute minimum, the same industrial war boom which has so reduced unemployment has brought to the Commission increased responsibility for collections. 1,328 new employer accounts have been added to the records, bringing the total number of active accounts up to well over 10,000.

By the same token, the number of workers now protected by the unemployment compensation program shows a tremendous increase. For the first quarter of 1941, wage credits were reported for 618,113 employees; but for the third quarter of 1942, there were 826,153 different workers for whom employers were paying unemployment insurance premiums. The records of the wage credits of all these workers must be faithfully kept against a time when they may have to apply for benefit payments.

In addition to all this increased processing of essential data, July 1, 1942 marked the inauguration

in North Carolina of the system of employer experience rating. According to this plan, the rate of the payroll tax to be paid in the following calendar year by each employer is reckoned on the basis of his individual account as to the amount of contributions paid in relation to benefit charges deducted. Under a rather complicated system as prescribed by law, the Commission set up individual reserve accounts for each employer filing reports, computed his reserve balance and sent him a statement as to his rate of tax for 1943.

In the performance of its work the Commission has been faced with an increasingly serious problem as regards recruiting and retaining administrative personnel. Many employees have resigned to accept more lucrative positions either with the Federal Government or in private industry; many others—in fact a quarter of the number of men previously on the payroll—have entered the military services. In order to maintain a minimum operating staff of around 300 efficiently disposed, some 93 new appointments were made during 1942, as well as many internal transfers.

Hugh M. Raper, formerly Training Supervisor, was made the Director's Administrative Assistant in March, 1942.

A new Office of Training was established in July, and Miss Irma Johnson placed in charge of its program which has included induction training for new employees, training in claim procedure for central office and field employees, preparation of materials for induction and development training, the framing of a new service-rating plan, conferences with supervisors, and various studies relating to office procedures.

Also, with military service claiming Commission personnel, several changes in staff assignments have occurred. The Chairman, Maj. A. L. Fletcher was called to active duty in May. W. R. Curtis, then Director, was made Acting Chairman by the Governor's appointment, his position as Director being filled by R. Fuller Martin who had been the Commission's Fiscal Supervisor and Director of Business Management. The latter office was taken by N. H. Cox, formerly assistant auditor. Mrs. Frances T. Hill, of Durham, became the Commission's Informational Service Representative in April, replacing personnel withdrawn when the Employment Service became federalized. In July, Silas F. Campbell rejoined the Commission as head of its Bureau of Research and Statistics when Benton Bray transferred to the Employment Service. Mrs. Elizabeth Wiggs was placed in charge of the Reports and Analysis Section. Ralph Moody, Chief Counsel, assumed the duties of the chairmanship on January 1st, when Dr. W. R. Curtis, now Lt. W. R. Curtis, reported to the Navy, and Charles U. Harris became Acting Chief Counsel.

The Legal Department had its hands full during 1942 with liability and other types of cases. No controversy to which the Commission was a party has been taken to the Supreme Court last year, but several Superior Court cases have been important as establishing the Commission's position in certain respects. Whether or not employees of filling

1942 SUMMARY OF OPERATIONS

1942	Initial Claims	Continued Claims	Benefit Checks	Amounts
January	23,565	82,984	57,979	$ 435,270.08
February	9,316	59,334	48,737	357,875.90
March	6,504	55,014	46,031	343,120.93
April	6,923	49,595	39,148	291,771.07
May	5,248	41,892	36,331	265,719.15
June	6,906	38,178	29,317	214,521.19
July	13,749	48,755	30,135	227,961.83
August	7,462	38,157	31,609	247,576.03
September	3,682	32,140	23,198	195,409.81
October	2,574	24,857	20,425	179,756.32
November	3,562	17,222	12,823	112,249.45
December	4,389	20,200	13,734	112,988.73
Total	93,880	508,328	389,467	$ 2,984,220.46
1943				
January	4,968	19,778	15,515	$ 114,486.78
February	2,124	16,252	13,034	95,975.07

stations and those of a central bulk plant controlling them may be protected by the unemployment insurance program of North Carolina was the issue in *In re: W. T. Green, T/A The Green Oil Company.* A settlement was effected out of court by which the bulk plant operator was held liable for taxes on leased station payrolls. In principle this may affect the future welfare of a considerable number of workers. In another case involving disqualifications for unemployment compensation because of stoppage of work due to a labor dispute, the decision of the Commission, denying benefits to a worker because his unemployment arose from a strike at the plant where he had worked, was affirmed by the Superior Court for Gaston County.

The Bureau of Research and Statistics has produced some significant studies relating to North Carolina's industrial welfare, in addition to its regular monthly analyses of current trends in business and of the Commission's claims activities. These special studies include one on *Industrial Production* on the basis of man-hour data, another on *Industrial Distribution of the North Carolina Labor Force,* a special analysis of the *Duration of Benefit Payments,* and *Trends in Industry Employment, and Wages.*

It was in January 1942 that the Employment Service, then a Division within the U. C. C., in response to a request from President Roosevelt that all state employment services become an integral part of a national organization became a federal agency. In consequence, many readjustments, realignments and shifts of personnel within the administrative organization of the Commission had to be effected.

Under the law claims for benefit payments must be filed through local public employment offices. With the federalization of the Employment Service, its local offices which processed claims were withdrawn from Commission supervision. By agreement, the Commission's field representatives and claims deputies continued to work at and through the local offices and the offices continued to handle claims for the Commission, but as long as claims-takers remained Employment Service personnel, the Commission had no direct control over their work.

These past difficulties are being met, as of March 1, 1943, by effecting the transfer of 34 claims-takers in 27 local employment offices to the payroll of the state, a procedure made possible by Congressional action. Furthermore, the Commission has adopted

the practice of mailing benefit checks direct from its central Raleigh office to recipients throughout the state.

SURVEY BEING MADE OF CLAIMANTS

With strenuous efforts being made to secure workers for war production plants and with labor shortages receiving more and more attention in the press, the unemployment of even as small a group of workers as are currently filing claims for unemployment compensation presents a seemingly anomalous situation. Both the Social Security Board and the War Manpower Commission are concerned with the problem of utilizing these workers in the furtherance of the war effort. To solve this problem effectively it is necessary to know something about the nature of this reserve of labor.

Plans are in operation for conducting a study of the occupational characteristics of claimants for unemployment compensation and of the efforts being made by the United States Employment Service to place the claimant group. These plans have been developed with the aid of a committee of the Interstate Conference and State Employment Security Agencies will participate in making the study.

The purpose of the study is twofold. First, it is hoped that drawing attention to the claimant group as an important source of available labor will stimulate placements. Second, the analysis made of the characteristics of the claimant group should indicate whether present placement methods are adequate for placing all types of workers. New techniques for placement may be developed to meet current problems on the basis of the information obtained from the study.

PAGE DIOGENES AGAIN—

Honest men are not so scarce after all, and they are definitely appreciated. Here is evidence from the Commission's files.

823 No. Cass St.
Milwaukee, Wis., April 12, 1942.

North Carolina
Unemployment Compensation Commission,
Raleigh, N. C. IN RE CLAIM No. 465-870-97.
Mr. W. R. Curtis,

Dear Sir:—I am returning herewith compensation check No. 1 for $7.00. Since I have made claim, have found employment and didn't report to local office now for 5 or 6 weeks. I am still working for local building contractor. I wish to thank your office for favorable determination of my claim. It was the first time in my life that I was forced to seek any benefits and very glad, indeed, that for the time being, at least, I am able to waive my claim for unemployment compensation.

Yours truly,
SAMUEL CASHDON.

NORTH CAROLINA AMENDS, ETC. (CON.)

rate. In some cases employers will send checks for such voluntary contributions with conditions attached—the usual one being that the check is to be used only if thereby the employer in question will receive a reduced rate. Under the law the Commission cannot accept such conditional checks. Generally these are noted and returned to the senders with explanations. The purpose of the new statutory provision is to avoid bad feeling and perhaps litigation, in the event that the Commission happened inadvertently to accept a conditional check.

SERVICE OF EXECUTIONS

The Commission has now been given the power for its agents to serve executions based upon judgments and Commission decisions, with the proviso of a notice and reasonable opportunity for a hearing before a judgment shall be docketed against a delinquent employer. Under the law prior to this amendment, the Commission was required to rely upon county sheriffs for this service. While there are many good and efficient sheriffs, nevertheless the Commission's experience has been that the former system was unsatisfactory on the whole. Permitting designated agents of the Commission to serve its executions follows precedent established with the Bureau of Internal Revenue. Persons entrusted with the duty will be well instructed as to the limits of their powers and will execute a sufficient bond for the protection of the citizen or taxpayer.

INJUNCTIONS

The Commission has received permission to apply to a Judge of the Superior Court for an injunction to restrain any employer from operating his business after a ten days written notice, should such employer refuse to pay sums due and file required reports, after having been so notified. This measure meets what has been a real problem in the administration of the law. In the same kind of business many employers strictly observe the law and pay their contributions, while others will not pay their taxes or make required reports. The employers who will not pay taxes operate in competition with those who observe the law, and this has given the "bad" employer an advantage over the "good" employer. Much dissatisfaction has resulted. A few employers have operated since the organization of the Commission without paying any taxes on behalf of their workers, and the Commission has found it a practicably impossible task to resort to the remedy of receivership in such cases. Under the new amendment, judges of the Superior Court will have the right to allow or refuse the Commission's application for injunction according to the circumstances of the case, and the rights of the parties concerned will be protected.

MEASURES FOR FUTURE CONSIDERATION

During the gathering of the General Assembly two proposals as to resolutions that the Governor appoint commissions to study measures related to unemployment compensation were made. One of these, for a commission to study and report on employer experience rating, was passed by the Legislature.

The other proposal by the Unemployment Compensation Commission that a group be appointed to examine plans for a compulsory health insurance program such as has been instituted in Rhode Island as an adjunct to unemployment compensation, did not reach either the House or the Senate, although it was submitted at the time of the legislative session.

Business Activity—1942 Trends

BY S. F. CAMPBELL, SENIOR STATISTICIAN

The summer issue of the Quarterly, Vol. I, No. 1. pp. 26-27, carried an article by Mr. Campbell outlining the procedure by which he constructs the monthly index of business activity. The article presented here is a summary analysis, for 1942, of the monthly trend reports. These monthly reports, in detail, are available in mimeographed form. All index numbers used are based on the volume of activity as recorded by selected indicators, adjusted for trend and seasonal variation. The trend periods for the several series are as follows: active spindle hours* (1913-1939), *bank debits* (1923-1940), *cement shipments* (1934-1940), cigarette production (1924-1939), *construction contracts* (1924-1940), *cotton consumption* (1913-1939), *department stores sales* (1934-1941), *electrical energy production* (1920-1939), *gasoline consumption* (1925-1939), *hours per spindle in place* (1922-1939), *new car sales* (1925-1939), *ordinary life insurance sales* (1923-1940). *The calculated trend in each series during its trend period has been taken as 100; fluctuating above and below this level, as demonstrated in the charts, are ratios to trend.*—EDITOR'S NOTE.

While industrial production made steady gains throughout the year as a whole, the index has been depressed by priorities, rationing, and military inductions, which have affected gasoline sales, cement shipments, car sales, and ordinary life insurance sales.

The combined indexes lead to the conclusion that the rate of improvement in the general business level in 1942 was not as pronounced relatively as in 1941. This does not mean, however, that the business level in 1942 was actually lower than in 1941, for the 1942 index indicates that the general level in 1942 was 2.22 percent higher than in 1941. Business as a whole did not maintain as high an average rate of increase during 1942 as it had for the whole trend period.

If changes in the individual series be examined, it will be found that the level in industrial production in 1942 was higher than in 1941 by much more than 2.20 percent. Textile activity increased by more than 10.00 percent; electrical energy production by 7.28 percent; and cigarette production by 14.26 percent, while bank debits, a most important indicator of business levels, increased by 22.46 percent, and postal receipts by 4.70 percent. Department store sales, based on percentage changes of sampled data, increased by only 1.58 percent, while manufacturing restrictions, priorities and rationing had an extremely depressing effect on gasoline sales, car sales, cement shipments, and private construction.

Active spindle hours in 1942 were 33,307,498,[illegible]00, an increase of 12.43 percent over 1941. The relative gain was less than in 1941 which increased over 1940 by 24.40 percent.

Hours per spindle increased in practically the same proportion, a gain for 1942 over 1941 of 12.07 percent, and a gain of 1941 over 1940 of 25.47 percent.

Bank debits failed by only a narrow margin to maintain the 1940-41 rate of gain of 26.65 percent. The gain for 1942 was 22.46 percent. Since the first quarter of 1933 the index of North Carolina bank debits has been higher than the national level, and since October 1941 the margin has been widening—the North Carolina climb being at a more accelerated rate than the national gain. However, in July 1942 this margin began to grow less. This trend is graphically shown in Charts I and II.

Cement shipments, which have increased annually since 1934 at a rate of 16.30 percent, dropped 4.00 percent in 1942, but are still 77.76 percent above the 1935-1939 average.

Cigarette production maintained a steadier rate of increase, 1942 being 14.25 percent above 1941, and 1941 being 14.22 percent above 1940.

Construction contracts, which have declined annually since 1924 at a rate of 3.41 percent, lost 14.79 percent in 1942, but the heights reached in 1941 still left construction in 1942 at 321.93 percent of the 1935-1939 average.

During 1942, 2,901,284 bales of cotton were consumed, representing a gain of 10.23 percent over 1941, which increased over 1940 by 27.40 percent.

The increase in electrical energy production during 1942 was 7.28 percent, approximately one-fourth as great as the 1941 gain over 1940.

Employment and payrolls are measured by monthly percentage changes on a sample basis, and total volume data are not available. Both employment and payrolls for all industries and for all manufacturing fell off in January, 1943, the declines in employment in manufacture and in employment for all industries being contra-seasonal. Employment in all industries and all manufacture was at a lower level than in January 1942, while payrolls were approximately 14.00 percent above. For the third month since August 1940 employment in all industries failed to maintain the 1931-1939 trend. The January index of employment was below that trend by 1.80 percent.

Only gasoline sales, new car sales, and ordinary life insurance sales failed to maintain the long-time calculated trend in 1942. Car sales have been eliminated from trend calculations, and, on an annual basis, only gasoline sales fell below the expected level. Ordinary life insurance sales, which have been on a decline since 1923 at a rate of 3.44 percent, were apparently depressed further in 1942 as a result of military inductions, and fell off 21.37 percent to 91.84 percent of the 1935-1939 level. This is the only series in the group, except car sales which are not included in the combined index, which is below the average of 1935-1939.

*Data from which indexes are constructed were taken from reports of the Federal Reserve Board, Bureau of the Census, Federal Power Commission, Bureau of Mines, Survey of Current Business, U. S. Post Office Department, Life Insurance Sales Research Bureau, State Department of Labor, and State Department of Revenue.

NORTH CAROLINA BUSINESS INDEX (UNWEIGHTED)

CHART I. MONTHLY INDEX OF COMPOSITE ACTIVITY AND THREE LEADING INDICATORS
1941 - 1942 TO DATE
ADJUSTED FOR TREND AND SEASONAL VARIATION

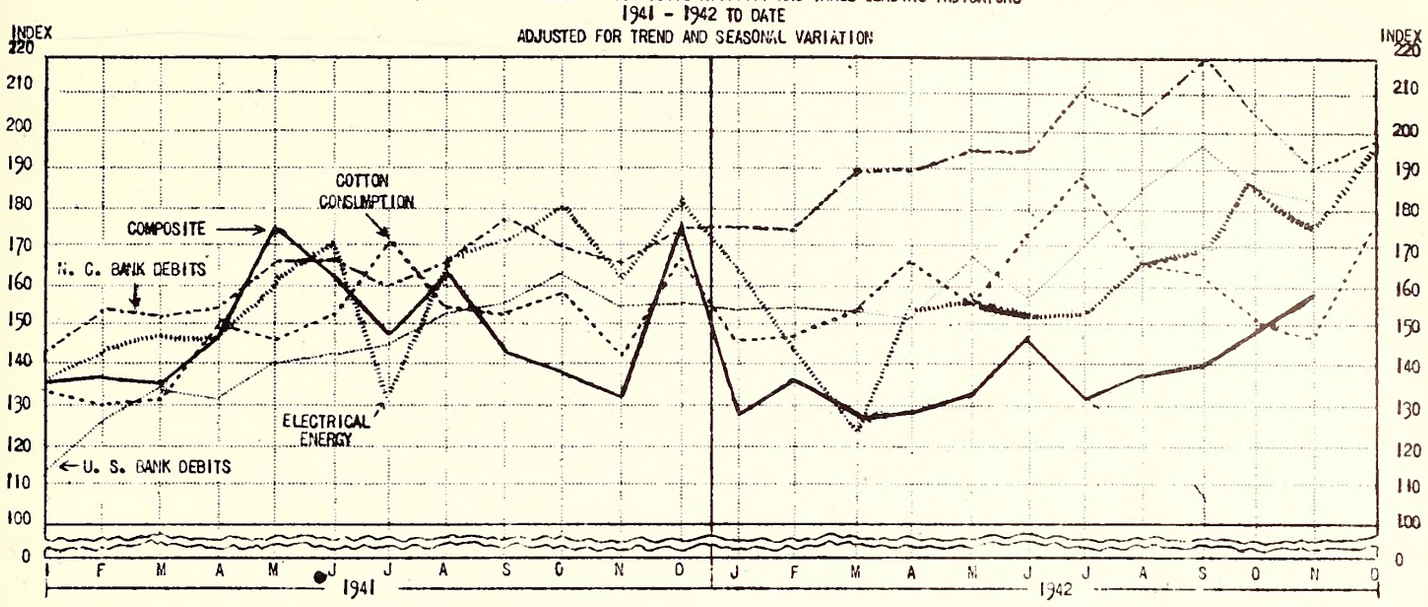
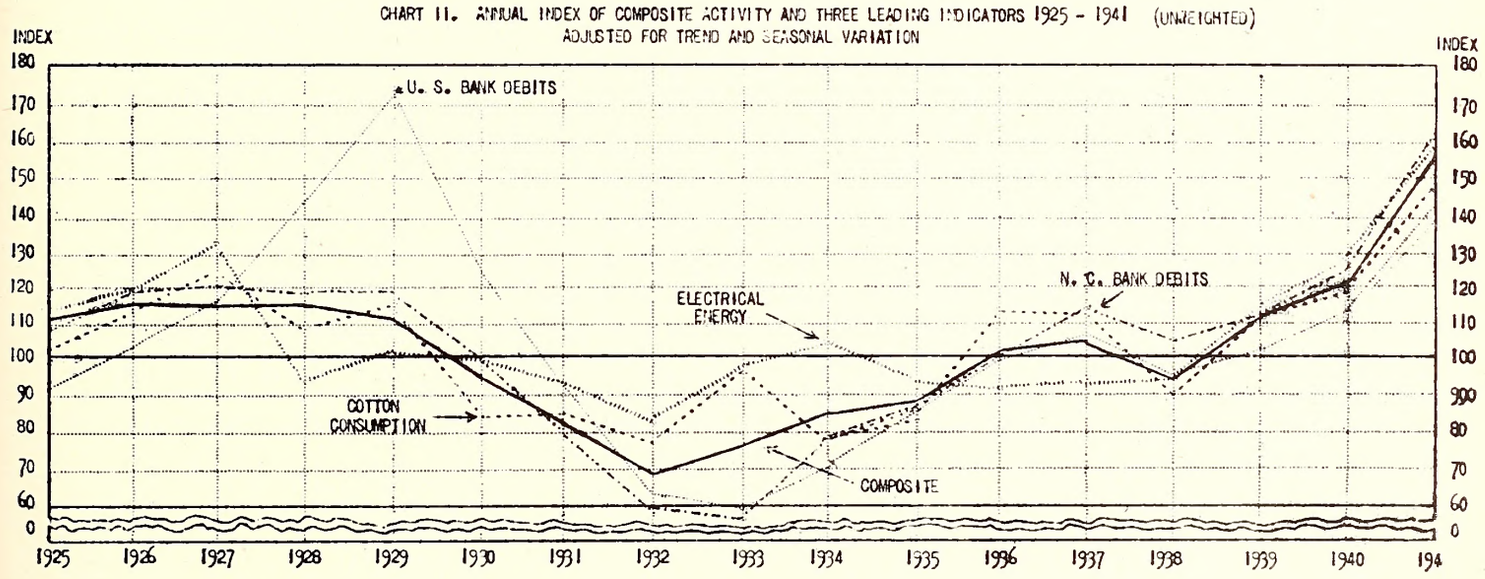


CHART II. ANNUAL INDEX OF COMPOSITE ACTIVITY AND THREE LEADING INDICATORS 1925 - 1941 (UNWEIGHTED)
ADJUSTED FOR TREND AND SEASONAL VARIATION



Bank debits maintained the highest average for the year at 195.92. Following in order were: hours per spindle, 190.26; active spindle hours, 174.45; electrical energy production, 162.17; cotton consumption, 161.81; cigarette production, 132.39; ordinary life insurance, 112.99; cement shipments, 104.60.

It is pointed out that in arriving at the combined indexes based on the 1935-1939 average, construction has been included, although it is omitted in calculating the monthly combined index based on the 1935-1939 average. The reason for its inclusion in the annual index is that the violent short-term fluctuations in war-time construction, which make it unsuitable for a monthly index, are somewhat smoothed out over a period of a year, and it became more reliable and significant for trend measurement.

The composite index by years 1925-1942 for each series discloses that the trend indexes for 1942 were higher than for 1925 by the following percentages:

	1925	*1942*	*Percentage Change*
Active Spindle Hours	103.86	174.45	+67.97
Bank Debits	108.40	195.92	+80.74
Car Sales	117.04	14.01	—88.03
Cement Shipments (1934)	102.68	104.60	+ 1.87
Cigarettes	107.44	132.39	+23.22
Construction	160.30	239.35	+49.31
Cotton Consumption	104.34	161.81	+55.08
Electrical Energy	111.05	162.17	+46.03
Gasoline Sales	87.76	90.48	+ 3.10
Hours Per Spindle in place	101.82	190.26	+86.86
Life Insurance	99.09	112.99	+14.03
Composite Index	110.11	156.44	42.08

From the foregoing, it may be seen that while the combined index for 1942, basis 1935-1939 average, indicates an improvement over 1941 of only 2.22 percent, much more substantial gains have been made over a longer period in those phases of industrial production which are basic to North Carolina—textiles, tobacco, and electric power. It is also obvious, and of some local consolation, that those series which have been depressed by war-time regulatory measures are suffering proportionately and from the same causes at the national level.

North Carolina Labor Problems

BY BENTON BRAY, SUPERVISOR REPORTS AND ANALYSIS DIVISION, U. S. E. S. FOR NORTH CAROLINA

Demands for labor in North Carolina during 1943 will center largely in replacements for selective service withdrawals and for the farm labor program. Present industrial plans do not warrant any sizeable labor changes in North Carolina during 1943 and construction projects now under way should, according to present plans, be completed by fall of this year. With only a few exceptions the several war-created establishments in this state have now reached peak employment. It must be understood, however, that there will be labor demands this year. The demands for labor will probably not exceed those of 1942 but they will be more difficult to fill due to the continued absorption of possible labor supplies.

The United States Employment Service in 1942 alone placed over 61,000 workers on the farm. In the next four months, by June, more than 10,000 extra farm hands, who are not "year-round" farm workers regularly connected with the farm, will be needed in Eastern Carolina to pick strawberries, gather truck crops, and dig Irish potatoes. This demand does not include the hands needed to help tobacco or grain farmers of the Coastal and Piedmont belts or the dairy, livestock, and poultry producers throughout the state to maintain production. The farm labor demand is in itself a problem sufficiently large to cause many people and many government agencies tough sailing.

In 1940 there were approximately 1,350,000 men and women in the labor force of this state. Yet, in 1943 almost one person out of every 14 of that labor force will leave his North Carolina job to go either into the armed forces or to other sections for war work. During all of 1942 thousands of Tar Heels left the state for better-paying war jobs. In some areas, noticeably Baltimore, Norfolk, and Charleston, the in-migration of North Carolinians often equalled as many as one-fourth of the total new labor force in those areas.

At the beginning of the current year this outward migration from the state has tended to diminish. The diminution is due to several factors, no one of which is outstanding. Such conditions as these might have caused the relative decline in outward migration. The armed forces have absorbed many of the men and boys without dependents who tended to move about. The differences in real wages in North Carolina and in the high money wage areas have proved to be narrow, in fact too narrow for Carolinians to contend with "hot beds," inadequate transportation, and other bad social conditions. North Carolina's existing surplus labor, women, is less prone to move and has less reason to leave the state than existed 12 months ago for the then available men.

Within the next 12 months North Carolina's industrial production, exclusive of construction and farm activities, will increase by 10 to 15 percent. This actual increase, plus replacements for those entering the armed forces and losses to other states, will amount to more than 130,000 workers.

What will be the labor supply required to fill these needs? Even now North Carolina is regarded as one of the largest reservoirs of labor on the Atlantic Seaboard. This is, of course, a comparative analysis and is to a large degree based on a large supply of potential women workers. In 1943 the labor supply of North Carolina must come largely from these five groups: women, older men, men in the selective service 4-F classification, boys and girls under 18 years of age, and less essential workers.

Indicative of the growing scarcity of job seekers, during the first quarter of 1942, 102,795 different persons registered for work at the local employment offices; however, during the last three months of 1942 only 40,940 applications were taken for jobs. During the period from January 1938 through February 1942, the Employment Service carried monthly in its file between 75,000 to 90,000 active applications for work. Shortly after the beginning of 1942 the decline in applications for work started, and by January 1943, the number of active registrants for jobs had dropped below 20,000.

In 1940 a total of 1,265,000 women in North Carolina were over 14 years of age. Of this number fewer than 350,000 were in the labor force. Based on a nationally computed average of availability for work it can be safely assumed that an additional 150,000 women will become available for the labor supply of North Carolina in 1943. This availability will of course be contingent on local suitable work, additional day-care nursery facilities, and positive recruitment efforts.

A survey of 418 large firms in North Carolina in January 1943 indicated that women constituted one-third of their work force. This one-third figure represented a material increase over any prior periods. Women are today being used on jobs never before considered suitable for the "feminine touch." Women are now working in filling stations, driving trucks, welding, serving as plumber helpers, working as doffers, knitters, operating band saws and running the entire operations of bottling plants. The continued, and required, entrance of women into the labor force will certainly increase social and economic problems in the future.

About one-tenth of the males in North Carolina are over 54 years of age. This group of 177,000 men, 46 percent of whom are not living on farms, are largely employed. But, in many of the state's industrial plants "retired" furniture and textile workers are being re-employed. The older people, along with the physically handicapped, have more to offer employers today than ever before.

Information relative to the Selective Service System's physical rejectees is too confidential for publication, but it is generally known that an exceedingly large percentage of draftees do not pass the armed forces's physical examinations. Even if

only 20 percent of the draftees are rejected, this number is large. As the war progresses, battle casualties will increase to some degree the labor force during the last half of the current year.

Boys and girls, especially boys, aged 16 and 17 are now active in North Carolina's labor force. There are 161,000 boys and girls in this state between 16 and 17 years of age and over 52 percent of these young people are rural-farm youths.

Figures are not available to indicate the degree of essential production of this state's labor force. But, an analysis of over 400 of the state's leading firms in January indicated war production amounted to 58 percent of the total production. After considering the various plants of the state now manufacturing such products as ladies' hose, curtains, and civilian wooden products, plus the thousands of people employed in trade and service establishments, it is only reasonable to assume that possibly 50,000 workers on less essential work could be referred, if necessary, to more essential production in 1943.

Based on the various labor supply sources outlined in the above paragraphs it becomes fairly certain that North Carolina in 1943 will have a surplus of labor. But, the supply of workers will often be nebulous, untrained, and not apt to shift from one section to another. The outstanding labor problem this year will be the orderly movement of potential, untrained, and untried people into vacated industrial jobs and into farm work. If production is to remain as high in 1943 as it was in 1942, industry in North Carolina must recognize realistically the increased labor cost, the value of in-plant training, and the necessity for continued lowering of employee specifications.

As production goals are raised and the quality of workers declines, it is only natural that such labor problems as hoarding and pirating will increase. Labor hoarding practices stand out strikingly in such instances as: keeping on the payroll skilled or professional employees when there is no work or using two skilled men when one skilled worker and one helper would do the same job.

Labor pirating forms a vicious circle of employers snatching workers from each other and its main result is to hinder work and reduce total production. This practice has been and is being solved by the utilization of War Manpower stabilization plans in such areas as Charlotte and Morganton in this state and in the neighboring Louisville, Kentucky, and Baltimore, Maryland, areas.

Employers will not be the only originators of labor problems in 1943. Absenteeism in several sections of the state, especially in the higher-paying plants and in establishments using large numbers of women and Negroes, is causing from 12 to 15 percent loss in production.

Labor turnover is unusually heavy on construction projects, in shipyards, and in the third shifts of textile plants. Workers continue to float from place to place. There is the apparent feeling on the part of thousands of Tar Heel workers that a job can be found any place and that the next job will be better than the present one. Continued absence from work often causes the worker to be reluctant to return to his old job and explain his absences when he can easily find a new job next door.

In full recognition of the heavy labor demand to replace selective service withdrawals and losses to other sections, plus the necessity of using inexperienced persons, it behooves employers and employees to work cooperatively and patriotically to push 1943 production ahead of 1942.

Industrial Training Programs

The February 1943 status report of the United States Employment Service for North Carolina lists labor requirements of over 10,000 workers for 26 of the war production activities being carried on within the state. These projects include the building of a hydroelectric dam for power, airplane parts and trainer ship construction, shell loading, the making of gun parts and gun fire control instruments, housing, airport, air station and barrack construction, military and hospital installations, and boat-building—sub-chasers, salvage vessels, mine sweepers, net tenders and liberty ships.

Approximately two-thirds of this labor need is for skilled workers. Where are they going to be found? Special skills call for special training. Thus it is evident that the several training programs being carried on in North Carolina are not only intimately related to the war production effort, but are of the utmost importance to it.

There are five such training programs, each with its own plan and emphasis, and each supplementing the others. The following articles by the directors of these programs, describe what they are offering and how the training is being carried on to meet industrial requirements. Apprenticeship training has shifted its emphasis from long-term training of candidates for skilled trades to helping employers organize in-plant training. V. E. N. D. specializes in pre-employment and supplementary training. N. Y. A's plan is similar, with perhaps more attention given to production training. The Training Within Industry program is directed primarily at the present time toward training job instructors. Work carried through the College Extension Division of the U. S. Office of Education looks more toward technical, scientific, engineering and managerial training.

Approximately 25,000 North Carolinians in about 800 employing units will be affected by the 48-hour work week becoming effective in some industries as of April 1, 1943. Most of the plants and workers affected are engaged in logging and sawmilling operations.

Apprenticeship And The War Program

BY EDWARD W. WITT, APPRENTICE TRAINING SERVICE—FIELD REPRESENTATIVE WAR MANPOWER COMMISSION, DURHAM, N. C.

Keeping our labor market stocked with the kind of trained workers demanded by expanding armament and war material production programs presents new and unexpected problems in the field of on-the-job training. These problems are found in apprenticeship as well as in other shorter forms of training. It is estimated that one million workers must be inducted into war industries monthly for the next several months if we are to meet the vast production schedule that has been set. Acute shortages in all sections of the country have been reported in well over one hundred key occupations. The War Manpower Commission, in a recently-issued statement, said that the labor shortages in certain occupations essential to our war production seriously threaten operations. It pointed out that for every trained worker now available, many more can be used.

For every assembler now available, 94 are needed; for every tool maker, 31. The demand, which already far outstrips the supply, for die makers, assemblers, and other workers in jobs requiring great skill and experience, is growing daily.

To man new plants and machines and provide essential skilled labor to small plants with defense contracts, it is necessary that arrangements be made to break in on more complex processes workers already on the payroll as well as to train others newly hired.

Available in practically all states are apprenticeship devices to set up programs which will protect all-round skilled mechanics, without which it is generally recognized, no industrial plant can achieve maximum production.

North Carolina has 15 apprenticeship programs. These are mainly in the field of construction. This field is important to the war program, for barracks, shipyards, supply depots, bridges, and other structures that are essential to it. In addition, with the shutting down of civilian supplies, maintenance and repair work on homes and other structures that make up cities grows in importance. And this type of work calls for the highest skill.

There are in this state four plumbers and steamfitters apprenticeship programs and two each for painters, carpenters, brickmasons, electricians, and plasterers. There is also a state-wide metal trades program. Four of these programs are found in Asheville, three in Charlotte, and two in Winston-Salem. Other North Carolina cities with programs are Raleigh, Durham, and Greensboro. In Durham there is also a private plant program in Wright Automatic Packing Machine Company. All of these programs are for the purpose of training apprentices, so that skills can be perpetuated.

Hundreds of apprentices are in training throughout the country, a heavy portion of them under the standards recommended by the Federal Committee of Apprenticeship. To insure industry an ever-widening stream of all-round skilled workers, indispensable to war production, not only must more apprenticeship programs be set up according to approved techniques, but they must also be more vigorously administered.

Recently the American Federation of Labor completed a study of the labor requirements of war industries, and discovered that approximately 42 out of each 100 jobs called for all-round skill and an equal number fell into the semi-skilled category. This makes it quite evident that 85% of the workers in war work must have had some kind of specific training. In releasing the study, the A. F. of L. pointed out that it was recognized that considerable short-term training would have to be done to fill the labor demands of war production.

In answer to the demands of management, labor, and other interested groups, the Federal Committee on Apprenticeship evolved principles which would help handle short-term training problems. These principles were modeled on the standard for apprenticeship drafted a number of years ago and so effectively used in setting up some 1800 apprenticeship programs throughout the country. It was found that the techniques and methods used in setting up and administering apprenticeship programs were equally effective in dealing with other on-the-job training problems.

Training workers falls into two parts: pre-employment training, that is, training workers before they are actually hired, and on-the-job training, which, in normal times for the most part involves apprenticeship, or training workers who are already hired. Today, with a constantly-growing scarcity of trained workers, a great number must be trained while working. The principles and techniques which have been used widely and long in apprenticeship are particularly valuable now. Because the Apprenticeship-Training Service had so much practical experience to offer industries in dealing with their on-the-job problems of short-term training and in advancing workers' needs as well as apprenticeship, it was one of the first agencies considered when the President decided to combine government labor-training-and-supply agencies under the order creating the War Manpower Commission. Since then the national and field staff of the Apprentice-Training Service has been working in close coordination with the United States Employment Service and other government agencies in efforts to render service to war industries faced with the need of training not only apprentices but also specialists and machine operators. These agencies also work together in conversion training.

The management-labor apprenticeship committees, the basic organizations set up in establishing apprenticeship programs, have contributed greatly to this nation-wide effort to solve labor-supply-and-training problems immediately and in a practical

manner. These joint committees include equal representation from labor and management. The value of these committees is generally recognized by both parties as well as by the government. They have been useful in tackling labor-relations hitches which have arisen as the result of trying to handle particular training problems.

The Federal Committee on Apprenticeship, which today is advising the War Manpower Commission on national apprenticeship policy as it previously had the Secretary of Labor for eight years, like its local counterparts, is a joint management-labor committee. On it are two representatives of management and two from organized labor. All are nationally noted for their practical understanding of apprenticeship and its problems. William L. Batt, President of the S. K. F. Industries of Philadelphia, currently widely known as Vice Chairman of the War Production Board, of which Donald M. Nelson is chairman, is one of the industrial management representatives; and Channing R. Dooley, for many years manager of Industrial Relations, Socony-Vacuum Oil Company of New York, now the Director of Training-Within-Industry program of the War Manpower Commission, is the other. The American Federation of Labor is represented by John P. Frey, President of its Metal Trades Department; while Clinton S. Golden, Assistant to the President, United Steelworkers of America, is the CIO spokesman. Government members of the committee are Mrs. Clara M. Beyer, Assistant Director of the Division of Labor Standards, United States Department of Labor; Layton S. Hawkins, Chief of Trade and Industrial Service, Office of Education; and William F. Patterson, Chief, Apprentice-Training Service, War Manpower Commission.

The Federal Committee is currently concentrating its attention on how the facilities and functions of the Apprentice-Training Service can be more closely integrated into the war manpower program, so as to evolve apprenticeship policies which will expedite the war effort.

There are 26 state apprenticeship councils, including one in Hawaii, and their personnel follows the pattern of the Federal Committee on local joint committees. That is, each has equal representation from management and labor. Fifteen states and the Territory of Hawaii have apprenticeship laws setting up machinery in their state governments to promote and foster sound apprenticeship in the state and to review local apprenticeship developments and standards.

North Carolina has both a law and a council. The State Commissioner of Labor, Forrest H. Shuford, is chairman of the council, which also includes the Director of Apprenticeship for the State, Clarence L. Beddingfield, and the Director of Trade and Industrial Education, George W. Goggins. Serving on the State council are three management and three labor members. Employers are represented by L. P. Kennedy, general superintendent, Norfolk Southern Railroad; A. J. Fox, and Robert M. Kermon, executive secretary, North Carolina Association of Plumbing and Heating Contractors, all of Raleigh. Members speaking for organized labor are H. L. Kiser, first vice-president of the State Federation of Labor, and president of the North Carolina Building Trades Council, of Charlotte; G. D. Sexton, President of the Central Labor Union of Winston-Salem, and Harry G. Waynick, Executive Board member, Building and Trades Council, of Greensboro.

In response to widespread efforts and the stimulus of war activities, the council is taking a constantly greater interest in stimulating the training of apprentices and other essential workers in this state.

Because North Carolina has not yet received the full impact of war production, it enjoys an opportunity to prepare itself for the moment when this impact becomes complete. With its State Apprenticeship Council active and meeting regularly to review apprenticeship and related problems, and reaching decisions, North Carolina can be in position to make vital and far-reaching contributions to the nation's all-out war effort.

North Carolina is one of the four states which, with the District of Columbia, make up the Apprentice-Training Service Fourth Region. Arthur L. Schoenthal, supervisor of this region, is located in Washington. The North Carolina apprenticeship office is at present located in Durham.

Employers and labor organizations beset by apprentice-training, short-term-training, or other problems arising from war production can obtain the services of the Apprentice-Training staff by contacting their nearest Employment Service office. The Employment Service office will refer the problem to the local apprenticeship field man for handling.

As already stated, under the War Manpower Commission's direction, the Apprentice-Training Service is in the process of coordinating more closely its functions and operations with other federal, state, and local government labor-supply-and-training agencies.

In handling particular problems, the Apprentice-Training field representative collaborates with the field men of all other agencies and the local authorities. The purpose behind this coordination of labor-training agencies and facilities, of course, is to help the country utilize to the fullest its manpower where it will more speedily bring victory. And the way to utilize our manpower to the best advantage is to see that it is properly and judiciously trained to perform its job.

Editor's Note: A further word as to apprenticeship will help clarify the program's present position with respect to its earlier and probable future status. An apprentice may be defined as a young person who is going through the process of learning a skilled trade. Formerly an apprentice was indentured to a master who obligated himself to teach the boy a trade, and in addition to act as the boy's parent, usually providing room and board. For services no wage was paid the apprentice. Many modern factors made this old type of apprenticeship impracticable and a more uniform system desirable. An apprentice must receive sufficient wages to sustain himself. As the training of too many would affect the welfare of other workmen, the training of too few, the welfare of employers; management and labor agreed on certain standards of apprenticeship by which to train skilled workmen. The North Carolina Apprenticeship Law was designed as an arrangement whereby committees of employers

and of employees would act in place of the old time master, and put such standards into operation.

Under the North Carolina law, an apprentice is any person between the ages of 16 and 24 who is under a written agreement with an employer to learn a skilled trade. The agreement must provide for not less than 4,000 hours of reasonably continuous employment, an approved schedule of work experience, and at least 144 hours per year of related supplementary instruction. Thus no job that can be learned in less than two years has been considered a skilled trade within the legal meaning of apprenticeship, but rather would be thought of as a production job. Consequently, under the pressure of war urgency, the general plan of apprenticeship training has had to be modified. The 1942 Biennial Report of the Department of Labor includes (pp. 62-63) a report of recent apprenticeship activities.

It states that during the biennium, more than 900 contacts were made in the field, covering all classes of industrial plants in the state. Unusual conditions in 1940-1941 and the demands for increased production by war agencies since December 7, 1941 made it possible to organize apprenticeship programs in industrial plants according to the standards of the Apprenticeship Law. However, the training program has been multiplied many times on a stream-lined plan. Since a large percentage of the apprentices in training were among the young men inducted into the armed forces, it became necessary to speed up the training program to fill their places. During 1941 and 1942, more than 300 apprentices have been employed in the various trades of the construction industry and because of the widespread activity of this industry it has been impossible to give these apprentices direct supervision or related school work. When trainees have finished their efforts in the war building program and return to their homes, they will be given an opportunity to attend night classes and continue their apprenticeship under proper supervision. In the metal trades shops of the state there are more than 300 apprentices in training. Because of the demands of the War Department for increased production in these shops it has been necessary to shorten the training program to meet the demand, with the result that a large percentage of this group are trained as production workers. Those desiring to continue their training after the emergency will be given credit for the training they receive during the emergency and be allowed to complete their apprenticeship and become skilled mechanics.

Although the apprenticeship scheme has been forced to vary considerably from its standard of long time apprenticeship, it has been able to play a definite part in the organized training program. The Division of Apprenticeship has been called upon to render valuable assistance in the promotion of short occupational training courses and to assist employers in organizing and carrying on in-plant training of workers for greater production.

Vocational Training For War Production Workers

BY J. WARREN SMITH, STATE DIRECTOR VOCATIONAL TRAINING FOR WAR PRODUCTION WORKERS

In July 1940 the leaders of this country became aware of the tremendous problem we were faced with in order to provide the immense quantities of war materials needed to be sent to our allies and to properly and hurriedly arm our own country. We needed ships, planes, tanks, motor vehicles and munitions of all descriptions in addition to the many thousands of miscellaneous articles necessary to equip a modern army.

For a major part of this training Congress called on the public school system. This was a logical choice because it had been operating a program of vocational education sponsored by the Federal Government in cooperation with the different state departments of education. This regular program had grown in magnitude from a start it had gotten during World War number one, when as now attention was focused by need on training.

The Congress provided its first appropriation for the present training program in July 1940 and the schools immediately went to work on what has since proven to be the greatest and most effective program of vocational training ever operated in this country. As a result more than 4,000,000 persons have been prepared by short intensive courses for work jobs in critical war industries. Industry has been convinced that the training has been effective and has looked with confidence to the schools for the persons provided by this route.

HOW IS THE PROGRAM ADMINISTERED:

The program is a definite part of the War Manpower Commission's plan to recruit war workers. It is administered by the Division of Vocational Education of the United States Office of Education, through the divisions of vocational education of the state departments of education, and locally through the offices of the superintendents of schools in the various communities of the states. In North Carolina officials of thirty-eight different school systems are willingly cooperating in the administration of this program.

All of the costs of operation, including instructors' salaries, supplies, a part of equipment costs, current for power and lights, fuel, rent and janitorial costs are borne by the Federal Government. This fiscal year the Congress has made available a fund of $95,000,000 for this program. A little more than a million dollars will be used during the present year in North Carolina.

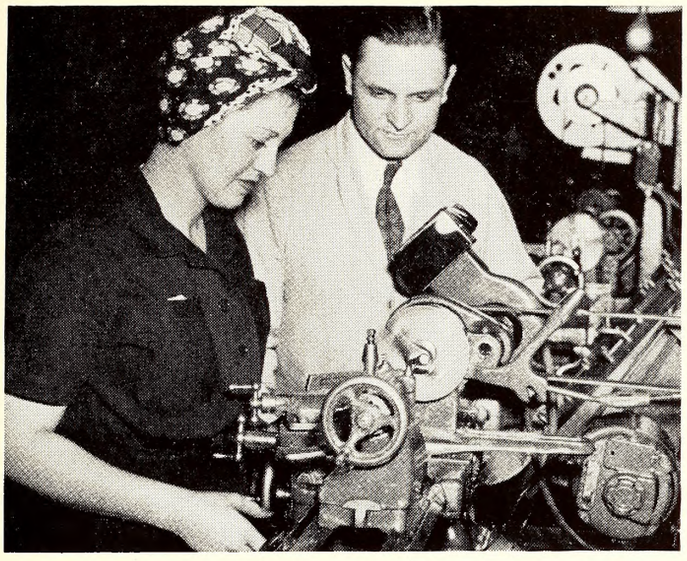
PROBLEM OF PROVIDING EQUIPMENT:

At the start, schools in North Carolina were poorly equipped, therefore our program at the beginning was necessarily small. However, by the expenditure of some local funds and a generous allowance for this purpose by the Congress our school equipment has been built to a standard that at present is functioning effectively. More than 250 instructors, all recruited from industry, are employed. A constant enrollment of 3,000 is maintained despite the fact that each person remains in training only from 6 to 8 weeks before going to work in a war production industry. At present our schools have a potential training capacity of at least 15,000 yearly.

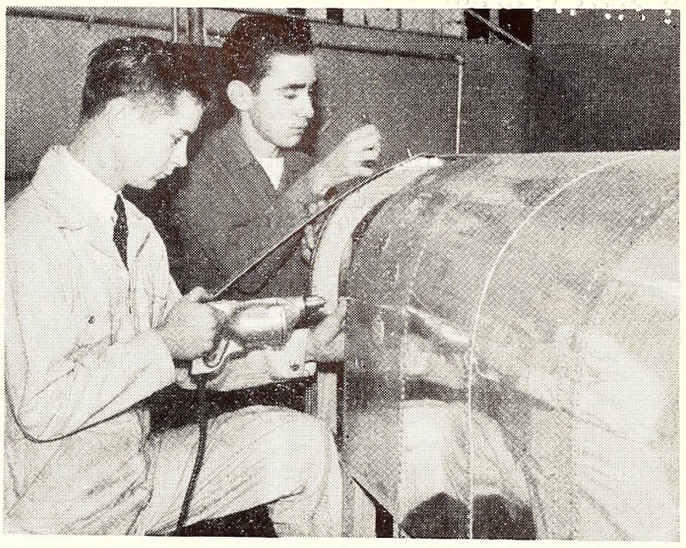
THE TYPES OF TRAINING PROVIDED:

The main kinds of training offered by this program are:

1. Pre-employment training. This is specific training given to a worker before he or she enters the industry and is designed to prepare the worker for an initial skill, usually a machine operator.
2. Supplementary training. This is a type of training offered to a worker who has already entered employment and needs additional training for the job he has been assigned or the worker for an initial skill, usually that of a machine operator.



Vocational Trainer Nicholas Stoddard of Durham, N. C. instructs student in turning 3 diameter and threading top wrench.



Vocational students learning Aircraft Sheet Metal at N. C. State College Shop.

3. For training of key men in industry to act as job instructors, so that the skilled mechanic may know better how to instruct the new worker that has been placed beside him in his department.

By occupations, the following kinds of classes are being operated: Aircraft Sheet Metal Work, Aircraft Woodworking, and Aircraft Welding; Ship Welding, Ship Carpentry, Ship Fitting and Ship Machine Shop; Machine Shop Operations, Forging, Sheet Metal and Radio.

SIGNAL CORPS SCHOOL:

The largest school operated is that for training mechanical learners and junior radio repair men for the Signal Corps, located in Winston-Salem. The 540 persons now enrolled in this school have been selected and employed by Civil Service. After completing three or six weeks of training the trainees are assigned to signal corps jobs in the army.

THOSE ELIGIBLE FOR ENROLLMENT:

Our problem in 1943 is to help the War Manpower Commission locate and train 5½ million additional workers needed in war production plants. This 5½ million must be found from the following sources: Women 17 to 50, white or negro; men who are immediately available for induction into the armed service are not eligible. Men now 17 may be enrolled. Men 18 to 38 who are in classifications not subject to draft may be trained. Men past 38 who are not now employed in an essential war industry and persons with physical impairmen may be trained.

THE PROBLEM OF RECRUITING:

The United States Employment Service is responsible for the selection and referral of candidates to the training program. This is handled by the officers of the local communities. The local directors of Vocational Training for War Production Workers assist the U.S.E.S. in the recruitment. The State Department of Vocational Rehabilitation also assists with the recruiting by seeking out those persons with physical impairment, who are competent with training for work in war industries. The United States Employment Service also acts as the placement agency and keeps the training department informed about the types of training needed.

WHERE DO THESE PEOPLE FIND JOBS:

In North Carolina persons trained in war production classes are employed by Wright's Automatic Machine Co., Durham, N. C.; Edwards Company, Sanford; Air Base, Goldsboro, and Charlotte; North Carolina Ship Building Co., Wilmington; Barbour Boat Works, New Bern; Elizabeth City Shipyards at Elizabeth City, and the Consolidated Aircraft Company at Elizabeth City.

Out-of-state industries that have employed North Carolina workers are Norfolk and Philadelphia Navy Yards, Newport News Dry Dock and Ship Building Corp., the Glenn L. Martin Aircraft Co., Baltimore. In addition to those mentioned there are many more both within and outside the state.

Much attention in the program is now being given to the conversion of workers in distressed industries for new North Carolina industries. Because of the demands for personnel in so many different kinds of activity our job of recruiting and training becomes each day increasingly more difficult, however until the war has been won, we shall fight on, this as our part.

All the money the state collects toward unemployment compensation is deposited to the credit of North Carolina in a trust fund in the United States Treasury, from which amounts may be withdrawn as needed to pay benefits. At the first of this year North Carolina's balance on deposit amounted to some $49 millions. Compared to other state funds in the national treasury, North Carolina's balance per covered worker that it insures, is about 30 percent below the average. The Federal Government pays all the administrative costs of operating the state Unemployment Compensation Commission.

Job Instructor Training

A FEATURE OF THE TRAINING WITHIN INDUSTRY PROGRAM

Speed is the keynote of our war industrial effort. The faster we can produce essential materials, the sooner we may look for success. Each hour gained on the production front at home means time saved from the prolongation of battle, and just so many more lives spared. But speed in the expansion of war industrial production is conditioned by the readiness with which workers can be trained. The job instructor plan of the Training Within Industry Service, more familiarly known as the TWI program, is designed to speed up training.

By a sort of chain-letter system, TWI first teaches supervisors and foremen, who, in turn, develop workers for plants needing thousands on production right away. By training job instructors to pass on their "know how" to workers who "don't know how yet" but who under this system "learn by doing and produce while learning," effective training is completed in a demonstrably shorter time than might otherwise be required, and the work gets done meanwhile. For instance, TWI training methods recently reduced the time required to put new operators on the job in the chemical department of one big corporation from between four to six months to within one to three weeks.(1) And case histories, kept by one mill executive, of industrial employee progress trained by TWI methods of instruction prove that the training period can be materially shortened. Operatives with no previous experience show very rapid progress on a variety of jobs. Training time for one job was reduced from six months to seven weeks; another from six months to six weeks; and another from six weeks to six days. The instructor reported that under TWI methods a fixer in two weeks gained a good understanding of how to fix a type of machine with which he was previously unfamiliar.(2)

The program has been and is being used widely in all types of war plants in North Carolina. Job instructor training is now found in plants which manufacture military explosives, aircraft, textile products, furniture, fine chemicals, ships, pharmaceutical products, rubber products, paper products, precision machinery, heavy machinery, and others. It has also been offered to various divisions of the Services of Supply Branch of the U. S. Army and is being used to advantage by these divisions. In this state alone, 66 different manufacturing plants have been conducting job instructor training, and up to January of this year, 2,643 job instructors have been certified from these programs in North Carolina.

Two years ago, there were only seven job instructor trainers for the country as a whole. But at the beginning of January, 1943, there were 365,764 who had been certified by the TWI Service—industrial foremen and crew chiefs in more than 7,000 war-production plants employing millions of men and women. The plan is proving how rapidly it can proceed. It sounds like magic, yet in essence it is merely the spreading out, fan-like, of an idea that is basically as sound as it is simple.

The Training Within Industry Division of the WMC is a national war agency, staffed by training and personnel consultants from industry, to assist contractors and sub-contractors to meet their increased needs for skilled workers and supervisors. It was first established in August 1940 by the National Defense Advisory Commission and continued under the Office of Production Management and then the War Production Board. By presidential order on April 18, 1942, Training Within Industry was transferred to the Federal Security Agency to function as a part of the new War Manpower Commission, which now handles all problems of labor supply and training. It assists war industries to meet their manpower needs by training on-the-job each worker to make the fullest use of his best skill up to the maximum of his individual ability, thereby enabling production to keep pace with war demands. Since it is an advisory and assisting agency, it does not and cannot tell industries how to run their business, but it gives every possible assistance upon request. TWI deals with industry's own training responsibilities. Special attention is given to:

1. Upgrading of all classes of personnel as their experience and abilities warrant, through intensive job instruction, rotation, and progression. Each plant takes stock of the experience and latent possibilities of its own personnel before hiring or training new workers.
2. Development of all-round skilled mechanics in limited numbers, through trade apprenticeship, in accordance with Federal Committee on Apprenticeship of the Department of Labor.
3. Development of production specialists through intensive instruction on the job.
4. Development of supervisors, and technical and other management assistants, through careful selection, assignment of more responsible supervisory duties, and provision for organized help through discussions and conferences under both plant and outside auspices.

Job Instructor Training is one of the TWI services made available without cost. It makes use of principles first tried out during World War I and employed in industry for 25 years. The present condensed plan was worked out by a group of the nation's leaders in industrial training, loaned by their companies to WMC for this purpose, along with federal and state representatives for vocational education.

Field work is done by approximately 700 training consultants, who serve on part-time basis entirely as unpaid volunteers. In addition, there are 100 staff-training specialists, full time and salaried. The

(1) Reported by Agfa Ansco Corp., Binghampton, N. Y.
(2) Ott, *New Employees Trained Quickly* (Dec. 1942) 92 TEXTILE WORLD 72.

clerical force in field offices and in Washington headquarters is paid by the Government.

Some 4,600 outstanding instructors of supervisors trained in various plants throughout the country constitute a force of special "trainers" available to serve in plants other than those where they are employed. Some are paid workers when on special assignments; others are always on their company payroll, and only their expenses are paid by the Government when out on special training jobs.

Training is given in five two-hour sessions, at any periods convenient to the companies and those who attend. It can be given at any time, day or night, on any days, Sunday included. Participants spend most of their time actually doing the instructing job. Best results are obtained with relatively small groups of about 12 workers. The five two-hour sessions are led by experienced industrial men, who have been specially trained for this work by Institute Conductors provided by the Training Within Industry Division. The quality of the work of these so-called War Production Trainers is kept at a high standard through supervision from TWI district offices.

Any employer wishing to install Job Instructor Training within his plant needs only to notify the District Director. A schedule supervisor will call promptly to meet the plant superintendent, personnel manager, or some designated person to complete all arrangements for the first group and subsequent groups. There are 22 district TWI offices; one of them located in 1114 Raleigh Building, Raleigh, N. C., with George W. Arthur, District Director, in charge, serves North Carolina, South Carolina, and Virginia.

Each job instructor is taught how to pass on his knowledge to workers. He learns to break down jobs into simple steps. He explains, demonstrates, asks the new employee to perform first under supervision and then "on his own," explaining to the instructor what he is doing and why.

Job instructor training was designed primarily to solve certain production problems: deliveries delayed because of errors and mistakes of men making the parts; men's lack of knowledge of their jobs, mix-ups in trucking service, parts returned by other departments because they were not made right; operators' special problems because of engineering changes, poor planning, men's difficulty in getting up to production on new type equipment, aisles too congested, excessive wear and tear on equipment. It further attempts to straighten out safety difficulties, such as: safety equipment not properly used; material not piled properly, poor shop housekeeping, ignorance of safety rules, men's ignorance of hazards of their jobs; carelessness, minor injuries not reported.

And it plans to meet such quality problems as complying with inspection standards, too much scrap or re-work, jigs and gauges not properly used, not following specifications, too much left to operator's judgment. Personnel problems, too, such as men's leaving to go to other plants because they couldn't "get the hang" of their job, new men's lack of experience in mechanical things, lack of interest in the work, men's demand for transfers, men's lack of experience they claim to have, consumption of too much time to get up to production, wrong instruction, lack of experienced men, discouragement while learning the job—these and more are disposed of by TWI methods.

Among those companies who are using the TWI program in this district are: Fairchild Aircraft Corporation, Burlington, N. C.; Marshall Field & Company, Spray, N. C.; Burlington Mills Corporation, Greensboro, N. C.; Wright's Automatic Machinery Co., Durham, N. C.; Dayton Rubber Co., Waynesville, N. C.; Hercules Powder Co., Radford, Va., and Pulaski, Va.; E. I. DuPont de Nemours & Co., Waynesboro, Richmond, and Martinsville, Va.; U. S. Rubber Company, Winnsboro, S. C., and Charlotte, N. C.; Champion Paper & Fibre Co., Canton, N. C.; N. C. Pulp Co., Plymouth, N. C.; Adams-Millis Corp., High Point, N. C.; Norfolk Shipbuilding & Drydock Co., Norfolk, Va.; Spartan Mills, Spartanburg, S. C.; Lynchburg Foundry Co., Lynchburg and Radford, Va.; Collins & Aikman Corporation, Roxboro, N. C., and many others.

The National Youth Administration In North Carolina

Illustrations By N. Y. A.

BRIEF HISTORY:

The National Youth Administration was created by executive order of the President on June 26, 1935; operating within the Works Progress Administration. At this time 4,000,000 unemployed untrained youth in the nation made it imperative that a means be provided whereby this problem could be reduced and ultimately solved. The establishment of the National Youth Administration was to give these young people a chance to complete schooling, take their turn as apprentices, and secure jobs.

The program in North Carolina was directed by Mr. C. E. McIntosh of Chapel Hill, N. C., from its beginning until August, 1938, he being succeeded by Mr. John A. Lang of Carthage, an outstanding leader in youth work and formerly connected with the Civilian Conservation Corps. The agency was transferred on July 1, 1939, to operate within the Federal Security Agency.

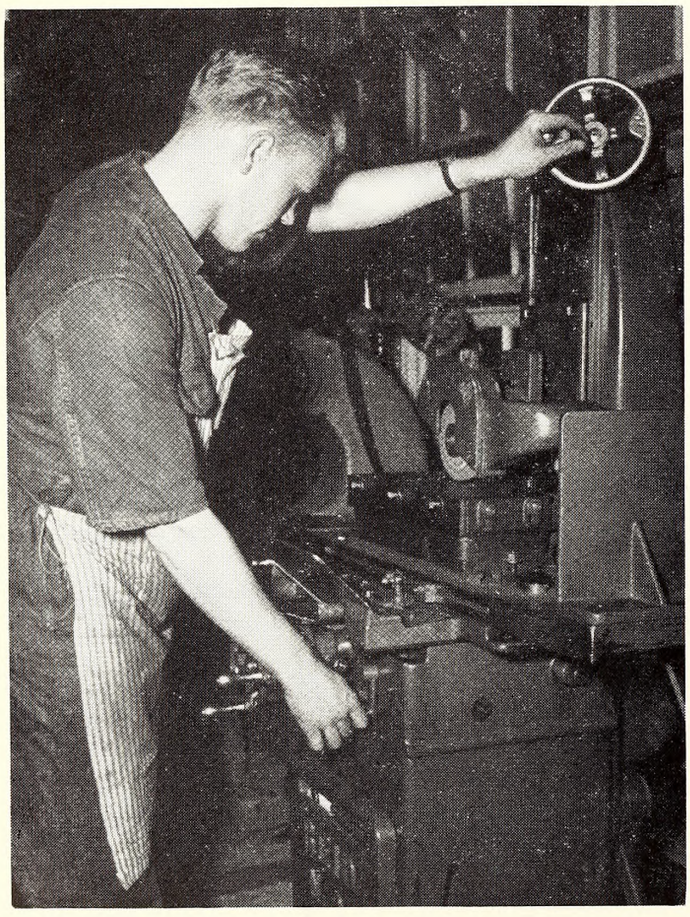
In the fiscal year 1940-41 when a second world war was getting its start, the NYA began to gear its program to the training of youth in the metal and wood trades. On December 7, 1941, when our nation was startled with the news of the attack at Pearl Harbor and when war was inevitable, a great majority of NYA projects were already training workers for jobs in vital defense plants. Thus, the foresight of national leaders, headed by Mr. Aubrey Williams, Administrator, in turning to intensified shop training, made possible the rapid conversion of all projects to training youth for war plant jobs.

In May, 1942, Mr. Lang volunteered his services to the United States Army, leaving the program in

North Carolina in the capable hands of Mr. Warren T. Davis, Jr., of Nashville, N. C., formerly Deputy Administrator in the state office.

With the beginning of the fiscal year 1942-43, state offices were abolished, regional offices were created, and master projects were set up. The headquarters for this region was established in Charleston, West Virginia, the region being headed by Mr. Glenn S. Callaghan, who for many years has been outstanding in leadership in the NYA.

In September, 1942, the activity of the National Youth Administration was transferred to the War Manpower Commission, and it is currently operating under this agency, which plays such a vital part in our all-out war effort.



PRESENT OPERATION:

Today the National Youth Administration operates 20 war production training projects in North Carolina, with each activity being approved by the War Manpower Commission, and each project having one sole objective; namely, the orderly and systematic training of young people and their rapid induction into war plants. Persons between the ages of 16 and 24, inclusive, regardless of race, creed or sex, who are citizens of the United States or the Commonwealth of the Philippines, are eligible for assignment to NYA shops providing they agree to accept a position in war plants upon completion of their training. At the present time more than half of the youth in NYA shops in North Carolina are girls, many of whom had never had any type of previous work experience. These girls are well aware of the manpower shortage in the nation today, accepting their work training with sincerity and vigor, and taking their respective places in war plants as their training is completed. We are rapidly learning that there are many jobs formerly held by men than can be, and are successfully performed by trained women, thereby relieving more men to enter our fighting forces. A vast majority of the boys in NYA shops are between the ages of 16 and 18—boys who are not of draft age but who wish to serve their country by producing the articles to be used by our fighting forces and those of our allies.

Many NYA shops are busily engaged in the production of articles that go directly into the equipment of our armed forces. This work not only aids in the all-out war effort but affords the youth an opportunity to learn under production schedules and presents to him a vivid picture of his future job in war industry. In addition to this production work, a proportion of each day is devoted to the study of blue print reading, the use of various small hand tools such as micrometers and calipers, and many other technical problems. In most NYA shops this phase of the training is conducted under the direction of the North Carolina State Department of Public Instruction, through the division of Vocational Training for war production workers. Through this cooperative agreement, NYA youth learns both production and technique, thereby better understanding his specialty.

The backbone of the NYA program in North Carolina today is its 14 resident centers, strategically located for servicing youth who live in remote sections where there are no local training facilities available. Young people are referred to various resident centers by the local United States Employment Service offices and by field representatives of the National Youth Administration. The buildings at these centers, the majority of which were constructed in previous years by NYA youth, are streamlined and complete in all respects, having dormitories, mess hall and kitchen, infirmary, recreation hall, library, administration building, canteen, and shop buildings. The shops operate 24 hours a day, with three eight-hour shifts making up this period. New enrollees at centers are assigned to shifts where vacancies exist. A well-rounded recreational program is in effect for the boys and girls during the period that they are not in the shop or engaged in other center activities. In the resident center trainees are paid at the rate of $10.80 per month plus subsistence and medical care.

In addition to the resident centers there are six local shops in operation. The activity in these shops is identical to that in the centers with the exception that the young persons live at home, reporting to the shop or an assigned shift. Boys and girls in local shops receive $24.00 a month but not subsistence.

A list of NYA war production training projects according to location follows. For each shop, information as to activities and trainees is shown. At the present time there are approximate 2,200 young men and women enrolled in NYA shops in North Carolina.

ASHEVILLE WAR PRODUCTION TRAINING PROJECT

Activities: General sheet metal, radio, electric, auto mechanics, aircraft woodworking, arc welding, and machine.
Trainees: 320—White boys and girls in residence; Negro boys and girls on local shift.

CHARLOTTE WAR PRODUCTION TRAINING PROJECT

Unit No. 1: *Sardis Resident Center*, Route No. 2, Charlotte, N. C.
Activities: Radio, machine, arc welding, general sheet metal.
Trainees: 100—White girls.

Unit No. 2: *Hickory Grove Resident Center*, Route No. 8, Charlotte,N.C.
Activities: Woodworking, machine, arc welding, and sheet metal
Trainees: 80—White boys.

Unite No. 3: *Charlotte Shop*, 2801 Wilkinson Boulevard, Charlotte, N. C.
Activities: General sheet metal, machine, and arc welding.
Trainees: 40—Negro girls.
NOTE: Under Units No. 1 and No. 2 girls from Sardis and boys from Hickory Grove Centers work in the Charlotte Shop. Unit No. 3 reflects only the local shift of Negro trainees.

Unit No. 4: *Aircraft Woodworking Shop*, Lexington, N. C.
Activity: Aircraft woodworking.
Trainees: 24—White boys and girls.

Unit No. 5: *Woodworking Shop*, Lenoir, N. C.
Activity: General woodworking.
Trainees: 66—White and Negro boys and girls.

Unit No. 6: *Winston-Salem Shop*, Winston-Salem, N. C.
Activities: Machine and arc welding.
Trainees: 120—White and Negro boys and girls.

Unit No. 7: *Ellerbe Resident Center*, Ellerbe, N. C.
Activity: Radio.
Trainees: 60—White girls.

DURHAM WAR PRODUCTION TRAINING PROJECT

Unit No. 1: *Durham Resident Center*,East Club Boulevard,Durham,N.C.
Activities: General sheet metal, arc welding, radio, machine, aircraft woodworking.
Trainees: 250—White boys and girls live at center; Negro boys and girls on local shift.

Unit No. 2: *Burlington Resident Center*, Burlington, N. C.
Activities: Aircraft woodworking, machine, arc welding, and aircraft sheet metal.
Trainees: 80—White girls in residence; white boys on local shift.

Unit No. 3: *Greensboro Resident Center*, 624 Fairmont Street, Greensboro, N. C.
Activity: Power Sewing.
Trainees: 80—White girls in residence; Negro girls on local shift.

Unit No. 4: *Raleigh Residence Center*, Highway No. 70, Raleigh, N. C.
Activities: Aircraft woodworking, machine, and radio.
Trainees: 140—White girls in residence; Negro girls on local shift.

Unit No. 5: *Raleigh Residence Center*, Shaw University, Raleigh, N. C.
Activity: Radio.
Trainees: 80—Negro girls.

GREENVILLE WAR PRODUCTION TRAINING PROJECT

Unit No. 1: *Greenville Residence Center*, Greenville, N. C.
Activities: Radio, machine, and aircraft woodworking.
Trainees: 200—White girls.

Unit No. 2: *Scotland Neck Resident Center*, Scotland Neck, N. C.
Activity: Aircraft woodworking.
Trainees: 50—White girls.

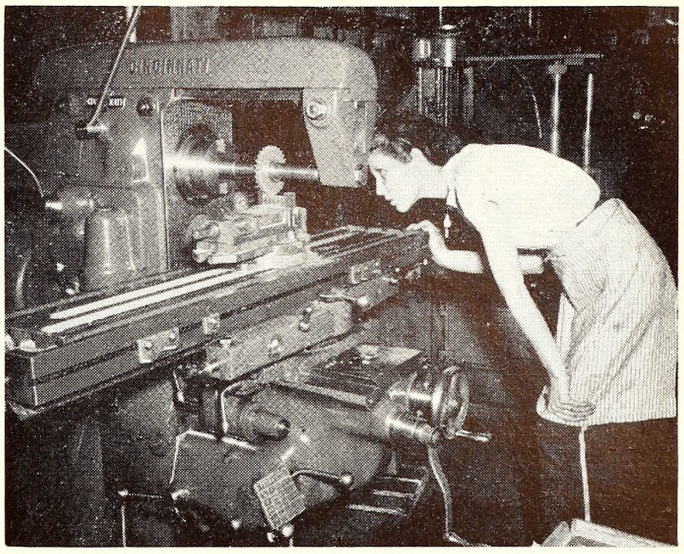
Unit No. 3: *Rocky Mount Resident Center*, Rocky Mount, N. C.
Activities: General sheet metal, machine, aircraft woodworking, foundry, and arc welding.
Trainees: 300—Negro boys in residence; Negro girls on local shift.

Unit No. 4: *Elizabeth City Resident Center*, Elizabeth City, N. C.
Activities: Machine and arc welding.
Trainees: 120—Negro girls.

Unit No. 5: *Kinston Aircraft Woodworking*, Kinston, N. C. (LOCAL YOUTHS ONLY).
Activity: Aircraft woodworking.
Trainees: 30—White boys and girls.

Unit No. 6: *Washington Aircraft Woodworking Shop*, Washington, N. C. (LOCAL YOUTHS ONLY)
Activity: Aircraft woodworking.
Trainees: 30—White girls.

Unit No. 7: *Wilmington Residence Center*, Wilmington, N. C.
Activity: Arc welding.
Trainees: 120—White boys and girls.



JOB PLACEMENTS:

During the period July, 1942, through February, 1943, 3802 youth entered war jobs as a result of training received in NYA shops in North Carolina. These boys and girls received their employment through the United States Employment Service, the United States Civil Service Commission, and various NYA induction centers in vital defense areas. A majority of these young people are now employed in the shipbuilding and aircraft industries; a number have also received civil service appointments in the United States Signal Corps Service and at military bases in this and other states; others have been employed in war plants throughout North Carolina.

Engineering Science And Management War Training

BY EDWARD W. RUGGLES, DIRECTOR

Literally thousands of men and women—civilians in many walks of life—have been trained at North Carolina State College under sponsorship of the Federal Government for highly important jobs in war industries and other activities allied with the nation's victory effort.

They were trained—and are being trained—in scores of short courses financed by the Federal Government through its programs of Engineering, Science and Management War Training, and Vocational Training For War Production Workers. All expenses except subsistence and textbooks are paid by the government, which began the special training program early in 1940 in a far-sighted move to provide technically-skilled workers.

The vocational training program began first, and since July 1, 1940, State College has turned out 1,675 workers in this category. The Engineering, Science and Management War Training Program began in January of 1941 and since its beginning the college has given valuable training to 6,663 men and women, making a grand total of 8,338 highly-skilled workers produced by the short courses. These last from 10 to 20 weeks and are handled by the College Extension Division for the U. S. Office of Education.

At the present time, the Extension Division has approximately 1,000 students taking training for vital war work, with 345 of these students at the college and the remainder enrolled in courses at various strategic points throughout the state.

Every student sincerely interested in war work and possessing aptitude for his or her chosen course has been placed on a job soon, if not immediately, after completing the training. There are shipyards and aircraft factories which have standing orders for all trained workers successfully completing certain courses at State College.

College facilities are used in the training, with practically all of the instruction in charge of veteran college instructors. State College was among the first schools in the nation to inaugurate the special training program for the Federal Government, and records show its accomplishments in this field have been exceeded by only a few other schools, and these have been considerably larger colleges.

Courses in vocational training, open to any man or woman and having no educational requirement, have been welding, aircraft sheet-metal work, machine shop practices, mechanical drafting, forging, armature winding, sheet-metal work, radio and aircraft woodworking.

Engineering, science and management courses, requiring at least a high school education, have included aerial bombardment protection, aircraft inspection, architectural and marine drafting, chemical testing and inspection, defense production management, diesel engineering, electrical distribution, elementary marine engineering, elementary naval architecture, engineering drawing, fabric testing and inspection, fundamentals of electrical distribution, highway engineering, industrial safety engineering, surveying and topography, industrial chemistry, marine steam engineering, materials testing and inspection, mathematics for engineers, power network calculating, principles of hull construction and design, principles of marine electricity, production supervision, production engineering, pre-radar, ultra-high frequency radio, radio communication, ultra-high frequency techniques, water plant chemistry and operation.

A study of this list of courses will show impressively that each and every course covers a subject of vital importance in the war effort and gives training which is of untold value to war production and allied activities. There are no frills. These are tough courses to train men and women for tough tasks, for the kinds of work that is beating Hitler and his crowd. Not to be overlooked is the fact that tribute is due the more than 8,000 men and women who entered and completed these courses and the approximately 1,000 now enrolled, all of them imbued with the single thought of hitting the Axis where it hurts—in war production.

North Carolina always has been considered primarily an agricultural state, although the dollar value of her manufactured products is roughly four times the value of her agricultural products. However, the three largest industries in North Carolina are the manufacture of furniture, tobacco and textiles. Consequently, there are few great war industries in North Carolina.

At the beginning of the defense training program, State College carefully surveyed the situation with the idea of making the greatest contribution possible. Because of the lack of large industrial centers in the state, it was known that the rural areas, small towns and cities contained a large number of young men who had been graduated from high school, attended one of the many small colleges in the state and were employed in filling stations, drug stores and the like. These men were excellent training material.

After the initial program started, a survey showed the cost per student hour was 41 cents for the maximum number enrolled, 50 cents per hour for the number who completed the course and 54 cents per hour for the number who received certificates. Another survey showed 38 percent of the enrollees were employed while taking courses, many of which were available at night. Furthermore many of the unemployed enrollees were working up to the time they quit their jobs in order to enroll.

The survey showed the enrollees to be essentially young people. Their average age was found to be 23.4 years, with a range from 18 to 50 years. Over 75 percent were less than 26 years, while 44.6 percent were less than 22 years. Of course, the average age would be somewhat higher now.

At least one year of college work had been taken by the average enrollee included in the survey. High

school graduates made up 28.2 percent of the group, college graduates 14.4 percent. Over two percent had some graduate work, while a similar number had less than four years of high school training. About 28 percent had received technical training, about four percent had trade training and about 13 percent had routine school or college training.

Occupational experience of the enrollees varied widely. The largest single group reporting on their previous occupation claimed clerical work as their vocation—this in spite of the fact that the smallest number had been trained in the schools for this sort of work. Semi-skilled occupations with about 15 percent and skilled and sales occupations, each with 13.1 percent, were next in line.

Median salary of enrollees on their last regular jobs was $21.95 a week. The maximum salary reported by any enrollee was $175 per week. The largest group, 30.8 percent, earned between $20 and $29 per week.

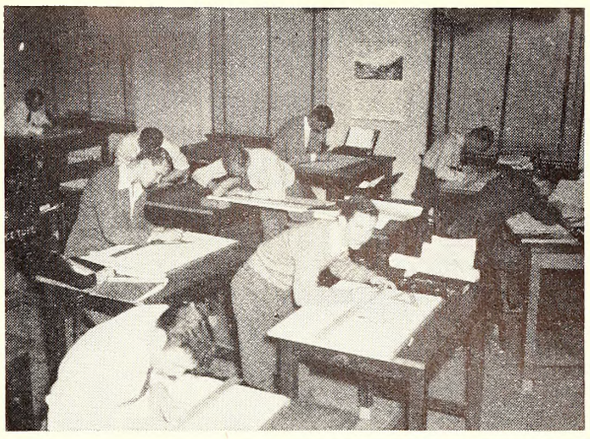
In terms, then, of data collected from enrollment cards, the enrollees were in the main young, single people with better than a high school education, with only general training, and when employed they were working in jobs for which they were not specifically trained by the public schools. They seemed, in terms of the information available, perhaps higher in educational attainment than similar unselected men, but otherwise not greatly different.

The Otis Self-Administering Test of Mental Ability, a so-called "intelligence test," was used to determine the capacity of the enrollees to deal with verbal and abstract ideas. The enrollees were definitely above the general population in this capacity, their median score being 42 while that of the general population is 32. In fact, the ability of enrollees was much more like that of college students than like that of unselected individuals. They also showed higher in other aptitude tests, and in still other tests proved as well developed in personality as the general population.

On the basis of the data presented we may draw some conclusions concerning the educational values of the war training program in terms of the questions asked the group included in the survey. We are not training abnormal, incapable individuals. We are training individuals above the average of the general population in formal education, general ability and certain specific aptitudes which are probably important in learning technological subjects. They are individuals who, on certain personality traits, compare favorably with the general population. Further, we are giving them an opportunity to receive specific job training which they were not able to secure in their earlier formal education.

It should be pointed out further that the characteristics of the N. C. State group are not dissimilar to those of a much larger group of war training enrollees (over 10,000) studied by Dr. Moore in Pennsylvania and described last year in an issue of the *Journal of Applied Psychology*.

It appears certain that many of the enrollees will return for further education after the war emergency.



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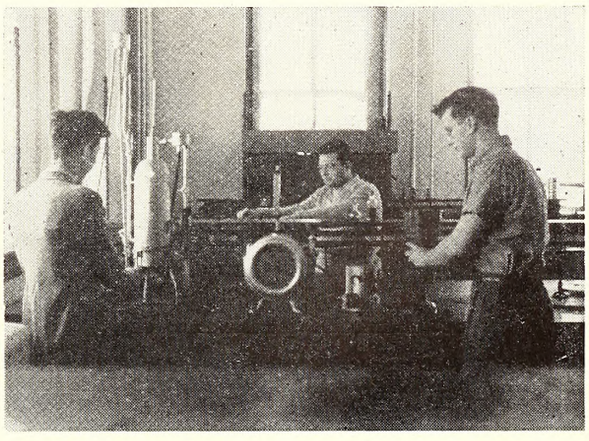

CHEMICAL TESTING AND INSPECTION

INSTRUMENT MEN AND TOPOGRAPHERS

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U. C. C. Quarterly, Volume I, Nos. 1, 2 (1942).

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CIRCULARS AND FOLDERS:

Benefit Payments for Partial Unemployment.

Employer Experience Rating in North Carolina.

Information for Workers about Unemployment Compensation.

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POSTERS:

Employer's Certificate of Coverage and Notice to Workers.

Notice to Workers—Partial Benefits.

STATISTICAL REPORTS:

(Current series, mimeographed.)

Business Activity in North Carolina as Reflected by Movements in Selected Indicators—Current Trends (monthly).

Number and Amount of Benefit Payments, by Office (monthly).

Summary of Claims Activity (monthly).

Summary of Local Office Operations (monthly).

Weekly Summary of Initial and Continued Claims Taken, Benefit Checks Distributed and Placements Made, by Office.

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THE U.C.C. QUARTERLY

VOLUME I, NO. 4 SUMMER, 1943

Launching a Liberty Ship at Wilmington

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UNEMPLOYMENT COMPENSATION COMMISSION OF NORTH CAROLINA

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Volume I; Number 4 Summer, 1943

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Regular Contributions in each issue from the

UNITED STATES EMPLOYMENT SERVICE FOR NORTH CAROLINA

MRS. GERTRUDE K. CLINTON . . . . . *Director*

Cover illustrations represent typical North Carolina industries under the unemployment compensation program. *Cover for Summer 1943—The Launching of a Liberty Ship at Wilmington.* Photograph by courtesy of the North Carolina Shipbuilding Company, shows the launching of the U. S. Nathaniel Greene, one of the first of the company's Liberty Ships to slide down the ways. Shipbuilding has now become one of the state's leading industries, and this yard is ranked as one of the two most efficient producers of Liberty freighters in the country.

Sent free and upon request to responsible individuals, agencies, organizations and libraries. Address: U. C. C. Informational Service, Raleigh, N. C.

CONTENTS

	Page
Launchings	98
Why Should the Social Security Program Be Expanded Now?	99
Social Insurance—The Beveridge Plan	100
Shipbuilding—The State's New Leading Industry	105
Strategic Spodumene Developed	107
Notes on U. C. C. Operations	108
Keeping Accounts for More Than a Million Workers	
Present Claim Loads Unusually Light	
Tax Reductions for North Carolina Employers	
Few Violators of U. C. C. Law Escape	
Largest Fund Receipts From Five Counties	
U. C. C. Makes Refund	
Outlook for Post-War Unemployment in N. C.—Big Drain on Fund	
Benefits To Be Restricted For Seasonal Workers	
Commission's Policy With Respect to Referring Partially Unemployed Claimants to Full-Time Work	
Employment Service Offices for North Carolina	114
The Plan for Labor	115
What Are Essential Jobs? By B. C. McCracken	116
Whan Can Women Do?	118
Extended School Services For The Children of Mothers Engaged in War Work	119
Labor Reserves—A Message to the Resourceful Employer, By Mrs. Anne T. Freeman	122
Help From Prisoners, By M. R. Dunnagan	124
Manning Tables and Replacement Schedules, By Blanche Lancaster	126

LAUNCHINGS

(From *Ships*)

No more dramatic spectacle exists than the launching of a great ship; it is an event filled with color, excitement, and suspense. Few modern rites, aside from those of a religious origin, have a background of 4,000 years—yet the ceremony of launching a ship reaches that far back into recorded history.

Human sacrifice, the spilling of blood, incantations by high priests, undoubtedly marked the first launching ceremonies. The gods, it was hoped, would be propitiated by such rites. Later the Romans and Greeks used water as a token of purification in the impressive priestly blessing of the ship, its officers, crew members, passengers, and cargo. In the Middle Ages, religious shrines were placed aboard ship and effigies were carved on the figureheads and the ceremonies became entirely religious in character.

In Tudor days, the launching ceremony took place after the ship was in the water. A King's lieutenant would then appear, announced by a fitting fanfare of trumpets. With great and solemn dignity he was escorted to the vessel, seated in an ornate chair on the poop and presented with a goblet made of precious metal and filled with red wine. The official would sip critically of the wine, politely speak the name of the new ship, wishing her good luck and godspeed. Then he would spill a little of the red wine on the freshly scoured deck, marking precisely the four points of the compass. He would then drink to the King's health. He next would dramatically toss the goblet over the side and leave the ship.

Red wine was long identified with ship launchings. At first the wine was not spilled on the vessel but lifted in a good-luck toast as the ship slid down the ways. When champagne became widely known, it was substituted for wine, since it was more costly, and, therefore, held in high esteem.

It's a five-hour job fully to dress a champagne bottle that is going to attend a launching. The bottle is fitted with a "tuxedo," which consists of a 1-16 inch flexible mesh holding jacket; this prevents the glass from flying in the face of the fair feminine sponsor and the spectators. In addition the bottle is securely fastened to a double, 60-foot red, white, and blue bunting of grosgrain cloth, now getting more difficult to secure. While the champagne is splashed on the ship's prow, the dressed bottle is saved and presented to the sponsor.

Soon after the United States entered the war, the government ordered that there should be no more launching ceremonies when ships built to further the war effort hit the water. Since then, however, the order has been modified. Men who have built the ships feel that it is fitting that some formal ceremony mark a launching. Today's launching ceremonies are brief but impressive. While their frequency is on the increase, a launching always remains a thrilling and inspiring sight.

AVERAGE NUMBER DAYS FROM LAUNCHING TO DELIVERY OF VESSELS DELIVERED DURING MARCH, 1943

North Carolina	7.5 Days
Oregon	9.3 Days
Richmond No. 2	11.3 Days
Richmond No. 1	12.9 Days
Houston	14.4 Days
Bethlehem-Fairfield	15.6 Days
California	16.3 Days
South Portland	17.0 Days
Kaiser-Vancouver	20.0 Days
Delta	20.6 Days

MEMORY CHAIRMAN OF MERIT SYSTEM COUNCIL

Professor J. L. Memory, of Wake Forest College, has been appointed chairman of the State Merit System Council, succeeding Col. John W. Harrelson, who is now in active Army service. Professor Memory was already a member of the six-man board. James B. Boyce, of Warrenton, was appointed to fill the vacancy. His term expires April 8, 1945. Dr. Paul McCain, of the State Sanatorium, was reappointed for a term ending April 8, 1949.

FROM WAR TO WORK

The May 1943 issue of the SURVEY GRAPHIC is a special number containing a symposium on the subject of "From War to Work—How to Get Full Employment and Keep It Going." Don't miss it! The various articles by national leaders and authorities are most timely, and decidedly thought-provoking. Post-war job security, and the issues to be considered in drawing our plans to get the results we want, is the keynote of the issue.

Titles include the following: *Man is a Working Animal; O'Day and the Change Over; Earn, Spend, and Develop More Work; So the Willing Shall Not Want; Looking Ahead; Labor and Employment Planning; Employment and Private Industry; The Expectation of the Land; Women and Their Jobs; Where's the Money Coming From?; The Backlog of Social Security; Connecting Men and Jobs; Four Outlets for Investment; A World Worth Fighting For; Down Under—And Up; New Frontiers Abroad; World Cooperation Begins at Home.*

"E" AWARD WINNER

Revolution, White Oak, Proximiity, and Proximity Print Works mills in the Greensboro area have been given the Army-Navy "E" Award for excellence in war production.

WHY SHOULD THE SOCIAL SECURITY PROGRAM BE EXPANDED NOW?

Proponents of expansion now argue from two viewpoints. The first is social, the second, economic.

They hold it important to the morale of our fighters and workers that we not only maintain essential civilian services during war but expand those that implement our war aims.

"In a true sense," President Roosevelt said in his 1942 Budget Message, "there are no longer non-defense expenditures. It is a part of our war effort to maintain civilian services which are essential to the basic needs of human life."

One of the United Nations' war aims, as voiced in the Fifth Plank of the Atlantic Charter (August 1941) is "to bring about the fullest collaboration between all nations in the economic field with the object of securing for all improved labor standards, economic advancement and social security."

President William Green of the A. F. of L. urges immediate expansion of social security with these words: (December 1942)

"Great sacrifices can be made for the sake of great social gains. Our sacrifices will be more willingly and freely made if the people can see their sacrifices not only serving the urgent needs of war but guaranteeing greater social security after the peace. For this reason the Toronto convention of the American Federation of Labor made the enactment of a broad, adequate, national social security system our paramount legislative objective."

President Philip Murray of the C. I. O., (October 1, 1942), in a letter to Senator Wagner wrote:

"Social security is the one field where we should bend every effort toward extending and broadening the benefits which the workers would enjoy under such a program. This is an essential part of the war program."

That this feeling is general is shown by movements throughout the free nations for more adequate social security—Britain (The Beveridge Report reaction and plans); Mexico (new "cradle-to-the-grave" social security act); plans in Canada, Australia, New Zealand, Central and South American republics.

Chairman Arthur J. Altmeyer adds another argument for action now. This is, that now Congress can plan a better system in an atmosphere of relative calm deliberation, whereas after the war problems of peace, demobilization, reconstruction and unemployment will make careful planning difficult if not impossible.

U. S. TOTALS

Benefits.—The Social Security Board reports a continuous downward trend in unemployment compensation benefit payments from January through April for the whole country. Disbursements totaled only $7.4 million in April, 31 percent below the previous month's total.

Beneficiaries.—The average weekly number of beneficiaries dropped 27.7 percent to a new low of 131,213 during April, marking the fourth successive month in which the average has declined.

Social Insurance—The Beveridge Plan

Many people these days are thinking, and some of them are writing, on the subject of post-war planning. There are few who fail to include in their consideration mention of social security as one of the prime post-war aims—an embracing form of social security designed to minimize if not remove the common hazards to humanity among a nation's people—hazards that are inherent in the circumstances surrounding old age, earning power and employment, health, and family welfare.

The general kinship of democratic governments whether united in war or in peace, gives mutual interest to the social controls of each. Consequently, the Report by Sir William Henry Beveridge, K. C. B., entitled "Social Insurance and Allied Services," which was submitted to Parliament in November 1943 (Cmd. 6404), has been an object of study by many groups in the United States. The Beveridge Report is of course related to a present system of social security which in many respects is not a close parallel to that in operation in this country, and its budgetary estimates are reckoned in pounds and shillings. However, the broad general principles on which it is based deserve our profoundest attention.

The Report is the result of a survey conducted by the Inter-departmental Committee on Social Insurance and Allied Services appointed in June 1941 expressly "to undertake, with special reference to the inter-relation of the schemes, a survey of the existing national schemes of social insurance and allied services, including workmen's compensation and to make recommendations," submitted by its Chairman, Sir William Beveridge, on his own responsibility.

Leaving to others debate on the merits of the Beveridge proposals, let us briefly analyze and study the contents of the Report as presented to Parliament. This is best done by using, for the most part, the words of the Report itself as set forth in the introduction and summaries.

THE REPORT

The Plan for social security takes as its aim the abolition of want after this war, making want under any circumstances unnecessary. It includes as its main method compulsory social insurance, with national assistance and voluntary insurance as subsidiary methods, from the main conclusion to be drawn from the survey: abolition of want requires a double re-distribution of income, through social insurance and by family needs.

In proceeding from the comprehensive survey of existing social insurance to the task of making recommendations, the Report lays down three guiding principles:

1. The first principle is that any proposals for the future, while they should use to the full the experience gathered in the past, should not be restricted by consideration of sectional interests established in the obtaining of that experience. Now, when the war is abolishing landmarks of every kind, is the opportunity for using experience in a clear field. A revolutionary moment in the world's history is a time for revolutions, not for patching.
2. The second principle is that organization of social insurance should be treated as one part only of a comprehensive policy of social progress. Social insurance fully developed may provide income security; it is an attack upon Want. But Want is one only of five giants on the road of reconstruction and in some ways the easiest to attack. The others are Disease, Ignorance, Squalor, and Idleness.
3. The third principle is that social security must be achieved by cooperation between the State and the individual. The State should offer security for service and contribution. The State in organizing security should not stifle incentive, opportunity, responsibility; in establishing a national minimum, it should leave room and encouragement for voluntary action by each individual to provide more than that minimum for himself and his family.

The Plan built on these principles is first and foremost a plan of insurance—of giving in return for contributions benefits up to subsistence level, as of right and without means test, so that individuals may build freely upon it. The Committee found from its examination of all surveys and of existing conditions and services that want was due primarily to interruption or loss of earning power, and secondly to failure to relate income during earning to the size of the family. Abolition of want, the aim of the plan for social security, requires a double redistribution of income, through social insurance and by family needs, that is first, improvement of State insurance so that subsistence might be guaranteed to all, and second, adjustment of incomes to family needs by making allowances for children. The Plan assumes also establishment of comprehensive health and rehabilitation services and maintenance of employment. These three assumptions fall partly within and partly without the Plan itself.

The Plan is based on a diagnosis of want. It starts from facts, from the condition of the people as revealed by social surveys, and it takes into account population trends as to birth and death rates. The provision to be made for old age represents the largest and most rapidly growing element in any social insurance scheme.

The main feature of the Plan for Social Security is a scheme of social insurance against interruption and destruction of earning power and for special expenditure arising at birth, marriage, or death. It embodies six fundamental principles: flat rate of subsistence benefit; flat rate of contribution; unification of administrative responsibility; adequacy of benefit; comprehensiveness; and classification.

The plan covers all citizens without upper income limit, but has regard to their different ways of life; it is a plan all-embracing in scope of persons and of needs, but is classified in application. For purposes of social security, the population would be divided into six groups as follows:

1. Employees, that is, persons whose normal occupation is employment under contract of service.
2. Others gainfully occupied, including employers, traders, and independent workers of all kinds.
3. Housewives, that is, married women of working age.
4. Others of working age not gainfully occupied.
5. Children below working age.
6. Those retired above working age.

The sixth of these classes will receive retirement pensions and the fifth will be covered by children's allowances, which will be paid from the National Exchequer in respect of all children when the responsible parent is in receipt of insurance benefit or pension, and in respect of all children except one in other cases. The four other classes will be insured for security appropriate to their circumstances. All classes will be covered for comprehensive medical treatment and rehabilitation and for funeral expenses.

Every person in Class I, II, or IV will pay a single security contribution by a stamp on a single insurance document each week or combination of weeks. In Class I the employer also will contribute, affixing the insurance stamp and deducting the employee's share from wages or salary. The contribution will differ from one class to another, according to the benefits provided, and will be higher for men than for women, so as to secure benefits for Class III.

Subject to simple contribution conditions, every person in Class I will receive benefit for unemployment and disability, pension on retirement, medical treatment and funeral expenses. Persons in Class II will receive all these except unemployment benefit and disability benefit during the first 13 weeks of disability. Persons in Class IV will receive all these except unemployment and disability benefit. As a substitute for unemployment benefit, training benefit will be available to persons in all classes other than Class I to assist them to find new livelihoods if their present ones fail. Maternity grant, provision for widowhood and separation and qualification for retirement pensions will be secured to all persons in Class III by virtue of their husbands' contributions; in addition to maternity grant, housewives who take paid work will receive maternity benefit for thirteen weeks to enable them to give up working before and after childbirth.

Unemployment benefit, disability benefit, basic retirement pension after a transition period, and training benefit will be at the same rate, irrespective of previous earnings. This rate will provide by itself the income necessary for subsistence in all normal cases. There will be a joint rate for a man and wife who is not gainfully occupied. Where there is no wife or she is gainfully occupied, there will be a lower single rate; where there is no wife but a dependent above the age for children's allowance, there will be a dependent allowance. Maternity benefit for housewives who work also for gain will be at a higher rate than the single rate in unemployment or disability, while their unemployment and disability benefit will be at a lower rate; there are special rates also for widowhood as described below. With these exceptions all rates of benefit will be the same for men and for women. Disability due to industrial accident or disease will be treated like all other disability for the first thirteen weeks, if disability continues thereafter, disability benefit at a flat rate will be replaced by an industrial pension related to the earnings of the individual subject to a minimum and a maximum.

Unemployment benefit will continue at the same rate without means test so long as unemployment lasts, but will normally be subject to a condition of attendance at a work or training center after a certain period. Disability benefit will continue at the same rate without means test, so long as disability lasts or till it is replaced by industrial pension, subject to acceptance of suitable medical treatment or vocational training.

Pensions (other than industrial) will be paid only on retirement from work. They may be claimed at any time after the minimum age of retirement, that is 65 for men and 60 for women. The rate of pension will be increased above the basic rate if retirement is postponed. Contributory pensions as of right will be raised to the full basic rate gradually during a transition period of twenty years, in which adequate pensions according to needs will be paid to all persons requiring them. The position of existing pensioners will be safeguarded.

While permanent pensions will no longer be granted to widows of working age without dependent children, there will be for all widows a temporary benefit at a higher rate than unemployment or disability benefit, followed by training benefit where necessary. For widows with the care of dependent children there will be guardian benefit, in addition to the children's allowance, adequate for subsistence without other means. The position of existing widows on pension will be safeguarded.

For the limited number of cases of need not covered by social insurance, national assistance subject to a uniform means test will be available.

Medical treatment covering all requirements will be provided for all citizens by a national health service organized under the health departments and post-medical rehabilitation treatment will be provided for all persons capable of profiting by it.

A Ministry of Social Security will be established, responsible for social insurance, national assistance and encouragement and supervision of voluntary insurance and will take over, so far as necessary for these purposes the present work of other Government Departments and of Local Authorities in these fields.

Every citizen of working age will contribute in his appropriate class according to the security that he needs, or as a married woman will have contributions made by the husband. Each will be covered for all his needs by a single weekly contribution on one insurance document. All the principal cash payments —for unemployment, disability, and retirement will continue so long as the need lasts, without means test, and will be paid from a Social Insurance Fund built up by contributions from the insured persons, from their employers, if any, and from the State. This is in accord with two views as to the lines on which income maintenance should be approached.

The first view is that benefit in return for contributions, rather than free allowances, is what the people desire, as shown both by the popularity of compulsory insurance, and by the phenomenal growth of voluntary insurance, as well as by the strong popular objection to any kind of means test.

The second view is that whatever money is required for insurance benefits should come from a fund to which the recipients have contributed. The plan adopted in regard to prolonged unemployment and sometimes suggested for prolonged disability, that the State should take this burden off insurance, in order to keep the contribution down, is wrong in principle. The insured persons should not feel that income for idleness, however caused, can come from a bottomless purse. The Government should not feel that by paying doles it can avoid the major responsibility of seeing that unemployment and disease are reduced to a minimum. The place for direct expenditure and organization by the State is in maintaining employment of the labor and other productive resources of the country, and in preventing and combating disease, not in patching an incomplete scheme of insurance.

The State cannot be excluded altogether from giving direct assistance to individuals in need in relation to means, since some, through physical infirmity, can never contribute at all and some will fall through the meshes of any insurance.

The scheme is described as a scheme of insurance, because it preserves the contributory principle. It is described as social insurance to mark important distinctions from voluntary insurance. While adjustment of premium to risk is of the essence of voluntary insurance, this adjustment is not essential in insurance which is made compulsory by the power of the state. And in providing for actuarial risks such as those of death, old age, or sickness, the state, with its power of compelling successive generations of citizens to become insured and its power of taxation, is not under the necessity of accumulating reserves.

In the thirty years since state insurance began in Britain, there has been an unmistakable movement of public opinion away from the principle of adjusting premiums to risks in compulsory insurance and in favor of pooling risks. This change has been most marked and more nearly complete in regard to unemployment, where, in the general scheme, insurance by industry, in place of covering a large part of the field, has been reduced to historical exceptions; today the common argument is that the volume of unemployment in an industry is not to any effective extent within its control; that all industries depend upon one another, and that those which are fortunate in being regular should share the cost of unemployment in those which are less regular. The same tendency of opinion in favor of pooling of social risks has shown itself in the views expressed by the great majority of witnesses to the Committee in regard to health insurance. After trial of a different principle, it has been found to accord best with the sentiments of the people that in insurance organized by the community by use of compulsory powers each individual should stand in on the same terms; none should claim to pay less because he is healthier or has more regular employment. Hence the term "social insurance" to describe the proposals of the Report, implies both that it is compulsory and that men stand together with their fellows.

With regard to rates of benefit and contribution, the Beveridge Report states that social insurance should aim at guaranteeing the minimum income needed for subsistence, but that actual rates in terms of money cannot be settled now for the reason that it is impossible today to forecast the level of prices after the war and that determination of what is required for reasonable human subsistence is to some extent a matter of judgment—estimates on this point change with time and generally, in a progressive community, change upwards. Provisional rates and provisional budgets are, however, set out in the Report in detail. The procedure adopted in arriving at the provisional rates was first a determination as to weekly incomes which would have been sufficient for subsistence in normal cases at prices ruling in 1938; and deriving from them an appropriate cost of living about 25% above that of 1938. But the provisional rates themselves are not essential, since the whole level could be raised, though less easily lowered, without affecting the structure of the scheme.

The most important of the provisional rates is that of 40/ (about $8.00) a week for a man and wife in unemployment and disability and after the transition period as retirement pension, in addition to allowances for children at an average of 8/ (about $1.60) apiece per week. Such amounts represent a large addition to existing benefits.

Altogether the financing of the Beveridge Plan would require increased contributions from all sources. The relationship of these under the existing system and under the proposed plan, including not only the insurance benefits, but also health services, national assistance, and children's allowance, is most readily understood from the following table:

SOCIAL SECURITY BUDGET—COMPARATIVE ESTIMATED INCOME REQUIRED FOR EXPENDITURES

	Under Present System		Under Beveridge Social Security Plan					
			1945		1955		1965	
	£ Mills	% of Total	£ Mills	% of Total	£ Mills	% of Total	£ Mills	% of Total
Contributions from Insured Persons	69	16	194	28	196	25	192	22
Employers, including Industrial Disability levy on employers	83	19	137	20	135	18	132	15
Interest on existing funds	15	4	15	2	15	2	15	2
Balance to be met from Exchequer	265	61	351	50	418	55	519	60
Total	432	100	697	100	764	100	858	100

It is seen at once that the most important source of income to meet expenditures under the Plan is the contributions from the insured persons themselves —chiefly from adult men in employment. The balance would be provided by the employers' contributions and by taxation based on capacity to pay.

The attempt to fix rates of insurance benefit and pension on a scientific basis with regard to subsistence needs encountered a serious difficulty in the widely varying scales of rent in different parts of the country. The Report devotes a whole section to a discussion of the rent problem. But subject to such problems and unavoidable difficulties, the scheme for social insurance outlined in the Report is

designed to provide insurance benefit adequate to all normal needs, both in duration and in amount. "It is at the same time a scheme from which the anomalies and overlapping, the multiplicity of agencies and the needless administrative cost which mark the British Social Services today, have been removed and have been replaced by coordination, simplicity, and economy."

In place of the present system of social security in Great Britain, which consists of the following:

A. A national system of unemployment insurance administered by the Ministry of Labor.
B. A health insurance plan with medical services limited to the wage earner and limited to the medical services of the general practitioner, administered by the Ministry of Health through Approved Societies with respect to cash benefits and County Insurance Committees for medical benefits.
C. Old-age, widows and orphans insurance administered by the Ministry of Health with payments made through the Post Office.
D. Non-contributory old-age and blind pensions, administered by the Commissioners of Customs and Excise through the Post Office.
E. National assistance to needy individuals, administered by the Commissioners of Customs and Excise through the Post Office.
F. Workmen's accident compensation, administered by the Home Office.

Report recommends the following specific changes:

1. Unification of social insurance contributions by enabling each insured person to obtain all benefits by a single weekly contribution.
2. Unification of social insurance and assistance by establishing a Ministry of Social Security with local offices within reach of all persons.
3. Reorganization of the present system of Approved Societies (which provide cash sickness benefits) by limiting such societies to disbursing cash benefits as the agent of the Ministry of Social Security and to providing voluntary insurances to supplement the social security benefits.
4. Reorganization of the present system of workmen's accident compensation by including it in the unified social insurance system.
5. Establishment of a comprehensive medical care service for every citizen.
6. Provision to all women of a marriage grant ($40), maternity grant ($16), widows benefit ($7.20 week for first 13 weeks, and $4.80 week thereafter if the widow has a child in her care), retirement benefit ($2.80 week if single), unemployment or disability benefit ($3.20 week), and if gainfully occupied, a special maternity benefit ($7.20 per week for 13 weeks in addition to the maternity grant).
7. Extension of insurance against prolonged disability to all persons gainfully occupied and of insurance for retirement pensions to all persons of working age, whether gainfully occupied or not.
8. Provision for an unemployment training benefit to all persons (workers, self-employed, housewives) for 26 weeks in order to encourage persons who lost their former livelihood to obtain reemployment.
9. Provision for uniformity of weekly benefit payments for unemployment, disability, and retirement.
10. Provision for making a uniform waiting period for unemployment and disability of three days, which will be compensated for if unemployment or disability lasts 4 weeks or longer.
11. Simplification and unification of the eligibility conditions for social security benefits.
12. Making unemployment insurance benefits payable at $8 week for a man and wife, or $4.80 for a single man or woman, for an unlimited period, subject to the requirement of attendance at a work or training center after a limited period of unemployment.
13. Making the disability benefit payable (at the same rate as unemployment insurance) for an unlimited period.
14. Making old-age benefits conditional on retirement from work at a basic rate of $5 a week for man and wife (increasing every two years until it reaches $8 by 1965), and $2.80 a week for a single individual reaching $4.80 by 1965), these basic rates to be supplemented by 20 cents a year for each year an individual postpones his retirement after age 65 for men and 60 for women.
15. Amalgamation of the special unemployment insurance systems for agriculture, banking, and insurance within the general scheme of social insurance.
16. Abolition of the present exemptions from insurance such as public employees, and persons with incomes over $1680 a year.
17. Replacement of unconditional inadequate widows benefits by provisions suited to the varied needs of widows, including temporary widows' benefits, training benefit when required, and a guardian benefit so long as there are dependent children.
18. Inclusion of a universal funeral grant in compulsory insurance of $80 for an adult, $60 for persons age 10-20; $40 for children age 3-9, and $24 for children under age 3.
19. Transfer to the Ministry of Social Security of the remaining functions of Local Authorities with respect to public assistance, other than treatment and services of an institutional character.
20. Transfer to the Ministry of Social Security of responsibility for the maintenance of blind persons.
21. Transfer to the Ministry of Social Security all functions of collecting contributions and the payment of benefits.
22. Substitution for the present Unemployment Insurance Statutory Committee of a Social Insurance Statutory Committee with similar but extended powers.
23. Conversion of the industrial (life and burial) insurance into a public service under an industrial Assurance Board.

The Report contains a full discussion of all its proposals, as well as of the underlying principles and assumptions. The burden of the last two sections of argument on abolition of want as a practical postwar aim and planning for peace in war may be stated briefly.

Abolition of want cannot be brought about merely by increasing production, without seeking to correct distribution of the product; but correct distribution does not mean what it has often been taken to mean in the past—distribution between the different agents in production, between land, capital, management, and labor. Better distribution of purchasing power is required among wage-earners themselves, as between times of earning and not earning, and between times of heavy family responsibilities and of light or no family responsibilities. Both actual insurance and children's allowances are primarily methods of redistributing wealth. Such better distribution cannot fail to add to welfare and, properly designed, it can increase wealth, by maintaining physical vigor. It does not decrease wealth, unless it involves waste in administration or reduces incentives to production. Unemployment and disability are already being paid for unconsciously; it is no addition to the burden on the community to provide for them consciously. Unified social insurance will eliminate a good deal of waste inherent in present methods. It need have no depressing effect on incentive.

In seeking security and in showing that it can be combined with freedom and enterprise and responsibility of the individual for his own life, the British

community and those who in other lands have inherited the British tradition have a vital service to render human progress.

Three facts are inalterable: that the purpose of victory is to live in a better world than the old world; that each individual citizen is more likely to concentrate upon his war effort if he feels that his Government will be ready in time with plans for that better world; that, if these plans are to be ready in time, they must be made now.

"Statement of a reconstruction policy by a nation at war is statement of the uses to which that nation means to put victory. In a war which many nations must wage together as whole-hearted allies, if they are to win victory, such a statement of the uses of victory may be vital. The proposals of this Report are designed as a practical contribution toward translating the words of the Atlantic Charter—"to bring about the fullest collaboration between all nations in the economic field, with the object of securing for all improved labor standards, economic advancement, and social security."—into deeds.

"If the united democracies today can show strength and courage and imagination equal to their manifest desire, can plan for a better peace even while waging total war, they will win together two victories which is truth are indivisible. [but] Freedom from want cannot be forced on a democracy or given to a democracy. It must be won by them."

THE AUTHOR

An examination of the 299 pages of the Beveridge Report is an experience in itself. One cannot read them without being tremendously impressed by the ability, the beliefs, and the personality of the author. One's admiration is immediately fired by the tangible expression of an unusually broad intelligence—the logical development of ideas shaped with a fine sense of organization. The force of mind and the idealism of the author are part and parcel of the fabric of the text, and one immediately wants to know more about him. What manner of man is this whom the British Government designated to draft a blueprint for reconstruction as chairman of its inter-departmental Committee on Social Insurance and Allied Services?

Who's Who reveals that he is both a lawyer and an economist, born in India, educated at Oxford, unmarried, and at the age of 40, in 1919, knighted by the Crown after distinguished public service as Secretary for the Food Ministry at the close of the last war. He has been Master of University College, Oxford, since 1937, following sixteen years as Director of the London School of Economics and Political Science. Versatility is apparent from two early years as leader writer for the Morning Post and such publications as an "Anthology of Thoughts on Women" and "Swish," a submarine game. But the record of his government assignments and writings is primarily evidence of a lifetime devoted to study and packed with administrative experience in the field of labor problems, unemployment, and social welfare. He was a Member of the Central (Unemployed) Body for London, 1905-8, First Chairman of the Employment Exchanges Committee in the Board of Trade, Director of Labor Exchanges, 1909-16, then Assistant Secretary of the Employment Department, General Secretary of the Ministry of Munitions, 1915-16, Second and later Permanent Secretary of the Ministry of Food, 1916-19, served on the Royal Commission on the Coal Industry in 1925, and has been Chairman of the Unemployment Insurance Statutory Committee since 1934. Beveridge books include "Unemployment: A problem of Industry" (1909), "The Public Service in War and in Peace" (1920), "Insurance for All" (1924), "British Food Control" (1929), "Causes and Cures of Unemployment" (1931), "Changes in Family Life" (1932), "Planning under Socialism" (1936), and (with others) "Prices and Wages in England" (1939).

A personal sidelight on Sir William and his convictions comes from Mr. Merton Emerson, our Social Security Referee for the states in Region IV, who was a passenger companion of Sir William's on an Atlantic crossing in 1929. According to Mr. Emerson, it was a rough, slow passage, but the author of the Beveridge Report was a good sailor and missed no meals. He was also a delightful companion and many "bull" sessions were held in the smoking saloon discussing the relative economic situations of Britain and America. He repeatedly stressed the point that wealth is created only by doing work—also that he felt that in America the working week is comparatively too short and wages too high—and that this disparity could not be sustained under world economic conditions. He made the particular point, as Mr. Emerson recalls, that America could not stand alone; and since it is more difficult from a practical viewpoint to bring the rest of the world up to America's standards, America was bound to revise hers to reach ultimate economic world stability.

SHIPYARDS REDUCE ACCIDENTS

The first quarter of this year has shown a decrease in the frequency of accidents in shipyards holding Maritime Commission contracts, according to a recent survey made by the Commission. Measured by the number of lost-time injuries per 500 men per year, the accident frequency rate dropped to 31.4 in March, completing a decrease of 5.4 below the national average for 1942.

The survey was made in connection with the Minimum Requirements for Safety and Industrial Health program sponsored by the Commission and the Navy Department, since the effectiveness of various safety programs can be compared by the use of the accident frequency rate. The program aims at eliminating many of the current shipyard hazards.

Eye injuries, the survey shows, constitute the greatest single hazard among disabling injuries in the yards of the South Atlantic area, where they amount to 26 percent of all cases. Only a few of these are sufficiently serious to result in a great deal of lost time and physical discomfort.

Eye flash from welding operations accounts for almost half of the disabling eye cases. The term eye flash is used to describe the painful injury to the eye resulting from exposure to the welding arc. As in

(Continued on Page 107)

Shipbuilding---The State's New Leading Industry

In scarcely more than two short years, North Carolina shipbuilding has grown from a handful of relatively small yards making chiefly fishing boats and pleasure craft to one of the state's leading industries, employing 25,000 workers and breaking many of the country's production records. As a leading state industry, shipbuilding now ranks in payroll importance with finished tobacco products, logging and sawmilling, and the manufacture of wooden furniture. It is turning out a variety of ships for the war effort—EC-2 cargo ships, Liberty ships, P. T. boats, sub-chasers, mine sweepers, net tenders, salvage vessels and oil barges—as part of the great program of building the "bridge of ships."

At the turn of the century, several of our coastal towns were familiar with the construction of small sailing craft, chiefly "sharpies." With the development of the gasoline engine as a marine motor, they began to turn out small power boats, such as the menhaden shad boats, as well as a limited number of small yachts. During the first World War, shipbuilding facilities were expanded, especially around Wilmington, New Bern, and Morehead City, to meet the nation's demand for increased production at that time. Now history is not only repeating but surpassing itself with the present boom in shipbuilding activities along the North Carolina coast.

The story is primarily that of the state's largest yard, the North Carolina Shipbuilding Company at Wilmington, which is ranked as one of the two most efficient producers of Liberty freighters in the country. Quoting from the May 1, 1943 issue of the company's sheet, the *N. C. Shipbuilder*, let us briefly review the history of this yard, formerly nothing more than a barren stretch of cypress swamps and flats along the eastern bank of the Cape Fear River, but today the state's second largest single industrial enterprise, in terms of employment.

It began on February 4, 1941, when the ground was broken by a merged group of contractors, V. P. Loftis company, of Charlotte, and Orrell and Underwood, of Wilmington for a six-way $5,140,010 project.

That date marked the return of shipbuilding to Wilmington after an absence dating back to the close of World War I. It was during the days of that conflict that Homer L. Ferguson, now president of the Newport News Shipbuilding and Dry-Dock Company and chairman of the North Carolina Company, toured the Atlantic and Gulf coasts in behalf of the United States Shipping Board in search for shipyard sites.

After this trip, with reference to Wilmington, he reported to the board "in my judgment it is the best place on the South Atlantic coast to build an additional shipyard." As a direct or indirect result of this report, this city has twice been selected as the site for shipbuilding.

The early work of the contractors included the filling in of the area and the dredging of adjoining areas in the river. One building was erected to house the contractors and another was built for the Plant Engineers department. Roads were built, railroad tracks laid, thousands of blueprints drawn and redrawn and more buildings and cranes erected as the sandy land grew quickly and steadily into the rudiments of a shipyard.

Meantime, many skilled workers were borrowed or transferred from the parent company at Newport News and arrived to aid in supervision of construction and train new workers.

On March 18, 1941, the U. S. Maritime Commission announced that the first contract in the President's "bridge of ships" program had been awarded to the North Carolina Company for 25 ships at an estimated base cost of $37,500,000.

The first keel was laid on May 22 as the thrilled eyes of a small group of officials and employees watched the giant arm of the crane deposit the steel plate in a "perfect landing." On December 6—just a few hours before the Japanese sneak-attack on Pearl Harbor—the first vessel slid down the ways.

During this time, the company received a contract for 12 additional vessels, making 37 in all. This meant that the original yard of six ways and two piers had to be expanded to one of nine ways and three piers. When the Maritime Commission awarded the third contract for 53 more ships in January of 1942, it became necessary to buy more land for the additional personnel and buildings and storage space needed. This addition to the yard is used mainly for storage and fabricating facilities.

During the two years and three months of its life, the yard has grown to be one of the leaders in the country in the production of Liberty ships for the Victory fleet, now ploughing every ocean lane to keep supplies moving to the widespread battlefronts of the United Nations. Its good record in the speed and quality of vessels constructed was soon recognized by the Maritime Commission and on August 30, 1942, it was awarded the "M" pennant for outstanding achievement. Since that time it has reached greater and faster production, with the result that six Gold stars have been placed on the banner's blue field.

It has reduced the time of construction from 249 days for the first nine vessels to about 37 for the last nine of the contracts. Monthly deliveries to the Maritime Commission have climbed steadily from the one vessel, which required 241 days to complete, in February of 1942 to eleven in May of this year. Here is the record for the 16 months: February 1942, one; March, two; April, three; May, four; June, five; July, five; August, four; September, five; October, six; November, seven; December, nine; January 1943, nine; February, nine; March, ten; April, ten; and May, eleven.

It was in February of this year that the yard set its record for fastest ship production, delivering the Edward B. Dudley, hull No. 67, after 35 days from keel laying.

As the company has expanded, new employees

have swelled the forces engaged in the construction of ships from 6,000 to more than 20,000—a more than triple gain indicative of all the achievements it had made during its brief but extremely busy and productive life. Plant facilities have grown tremendously during the past two years with the completion of the North yard, where prefabricating and other shops have been erected. A new mold loft and additional storage facilities have been built and many improvements in original facilities have been effected.

The tremendous amount of employment and resultant payroll—it amounted to over $32,000,000 last year—has been the greatest single factor in the improvement of Wilmington's business conditions during the past two years.

Having completed its first three contracts for 90 Liberty ships, the yard is now continuing their production and going ahead with further construction of C-2 type cargo vessels on a program calling for a total of 67 such ships. These are bigger than the Liberty ships and more expensive. In April the North Carolina Shipbuilding Company delivered the greatest number of ships from any Southern yard, when it turned over ten ships to the Government.

Other types of vessels needed in the war effort are being constructed elsewhere along the coast. The Barbour Boat Works, located at New Bern, keeps about 1,000 workers more than busy with a program of building mine-sweepers, net tenders, and salvage vessels.

The Elizabeth City Shipyard has around 600 workers engaged in turning out sub-chasers.

The Manteo Shipbuilding Company, with 200 employees, is at work on small sub-chasers, or P-T boats.

At Washington, there is a new development in progress at the Pamlico Shipyard, as a subsidiary of the Elizabeth City Shipyard. On the advice of Em-

This giant ship propellor which will grace an American fighting ship is receiving a pneumatic chipping operation from a Negro worker in a large navy yard on the Atlantic coast. *Photo by Liberman, Office of War Information.*

David L. Zimbough, age 70, came out of retirement to operate a lathe to make parts for mine-sweepers in an eastern shipyard. He returned his last social security check, declaring the money he made helping win the war was enough for him. *Photo by Hollem, Office of War Information.*

ployment Service officials to federal authorities after a survey as to available workers and housing facilities, the Washington site was selected as the best location for construction of a new yard to make wooden barges, to be tug-drawn, for transporting oil from Texas via the inland waterway system. Employment on this project is expected to be around 1,000. Plans are also being drawn for two or more other yards along the coast, to make additional steel barges for the same purpose.

A report for May states that in just a little more than six weeks after the Pamlico Shipyard was opened the Gahagen Construction Company launched the first of 30 wooden oil barges under a $2,000,000 contract from the U. S. Maritime Commission. The yard has eight ways, and it is expected that specially trained workmen will soon reduce the building time to 28 days for each barge. The barges are being built of Douglas fir, because of that timber's low moisture content. They are 170 by 34 feet, with a 10½ foot draft, and a carrying capacity of 6,000 barrels of crude oil—or approximately that of 25 tank cars.

Altogether, the shipbuilding industry in North Carolina in the last six months has increased its employment by 30 percent, and has probably just about reached a maximum with present operations. However, it will shortly be further expanded when the contemplated construction of large drydocks on the northeast branch of the Cape Fear River at Wilmington gets under way.

The first Liberty ship built in North Carolina—the S. S. Zebulon B. Vance—still is in service today with a battle-scarred record that includes more than 35,000 miles of travel through waters of the European and African seafronts. Her crowded career is highlighted with participation in the invasion of Africa.

Strategic Spodumene Developed—Kings Mountain Mineral Also Important For Peacetime Uses

Buried for aeons in Cleveland County's immense rocks, spodumene and other minerals are now being forced forth from these rocks to aid our Army and Navy. Spodumene's most important ingredient, lithium, and its salts are used in alloys, in aluminum welding, and in several ways important to the uses of war. Its peacetime functions are just as important. From it can be made metallic lithium, a metal so light—atomic weight, 6.940, while that of water is 18—that it can easily float. Lithium is No. 3 in the list of 96 chemical elements. It can be used as an agent in the glazing of china.

So great are its uses that the corporation, The Solvay Process Company, which has other kinds of plants in Syracuse, N. Y., Detroit, Mich., Baton Rouge, La., and Hopewell, Va., spent large sums of money in Cleveland County developing the only processing plant of its kind in the world. This company came after spodumene, but it will make extensive use of the other minerals which it recovers in the milling process, mainly tin, feldspar, and mica.

The Solvay plant at Kings Mountain is not the only plant which recovers spodumene. But no other development using this kind of processing has been achieved upon any other mining property in anything like such an extensive way. Deposits of spodumene exist along several places on the Atlantic coast, notably in Maine, as well as in the Black Hills of South Dakota. But the deposit in Cleveland County is one of the largest and has the richest content of minerals.

Claims have been worked on this property, mainly for tin, since the year 1880. Several old mining shafts can still be seen. For the past several years Mr. L. M. Williams, of Charlotte, has been carrying on an operation there, handpicking out the spodumene, in a slow and expensive process. It was some time last year that he leased the mineral rights on about 400 acres of land to the Solvay Company, which made preparations for immediate operations.

The new milling plant was put under construction on the first of last November, contract being let to the Lee Construction Company of Charlotte, which seven months later, turned the completed plant over to the Solvay Company. This construction company saw the installation of the plant equipment under the direction of its construction superintendent, Mr. W. W. Tolleson. He had never built a plant like this one before. There is no other like it in the United States. All he had to go on was timber, steel, a mass of machinery, and about 150 sets of blueprints; but he did it, and he himself admits, it's a good job. Operated in connection with the milling plant is a laboratory for testing and analysis of ore and product. It is equipped with precision devices, one set of scales weighing accurately down to a tenth of a milligram.

First of all Solvay Company had to get the rock out of the earth. This extraction of rock is done for Solvay by its neighbor the Superior Stone Company, which mines the rock under contract and gives it a primary crushing at its plant. The ore is delivered to the Solvay plant by the truck load in about one-half inch size. It is then given a thorough crushing, which brings the stone down to the size of fine sand. It is then given several washings and the impurities allowed to float away. Next it is sent into conditioners where chemical reagents are added. From here the wet pulp is moved into flotation cells where the feldspar and mica settle to the bottom and the spodumene floats off the top in a substance which looks much like soapsuds. The water bearing the spodumene is then put through filter wheels and from there it goes through the dryer to the stock pile, whence it is shipped by either the Southern or the Seaboard to wherever it is needed in industrial enterprises. The water has to be pumped from a nearby creek, specially softened, and piped. It was necessary to build extensive pipe lines to route this water. It was also necessary to build several miles of highway, usable by the heavy trucks which must haul the ore and the finished product.

The Solvay plant will mill over 100 tons of ore per day, shipping out several carloads of spodumene per week, but there is sufficient ore on its holdings to last for a hundred years or more. This belt of spodumene ore is estimated to be around 25 miles long and from one-half to three miles wide. It has been known to exist for some time, due to the tin prospecting that has gone on here for more than 60 years and also to the activities of the North Carolina Geological Survey, the United States Geological Survey, and the United States Bureau of Mines in this vicinity. The general superintendent of operations is P. M. LeBaron, who, prior to his connection with the Solvay Company, was with the United States Geological Survey and the American Zinc Company. The mill superintendent is Joseph H. Weiss, now living in Shelby.

People in general, then, knew—in general—about the spodumene, but it remained for the Solvay Company to develop the practical way of recovering it in commercial quantities.

SHIPYARDS REDUCE ACCIDENTS

(Continued from Page 104)

the case of skin sunburn, the ultra-violet rays and not the light or glare of the arc, burn the delicate tissues of the eye. The victim is seldom aware of the injury until some hours after exposure. The rays do not penetrate the lens of the eye or permanently injure its deeper structure, and the use of proper protective equipment issued to all shipyard workers, prevents injury and consequent lost time from the job. The fact that many flashes reported by yards are experienced by workers other than welders, particularly shipfitters, emphasizes the importance of consistent use of eye protection by all shipyard workers.

Notes On U. C. C. Operations

KEEPING ACCOUNTS FOR MORE THAN A MILLION WORKERS

For each and every worker who at some time establishes wage credits toward job insurance, and for whom, in effect, his employer his paid a premium on an unemployment compensation policy, the Unemployment Compensation Commission of North Carolina maintains an individual record. As its six years of operation have progressed, the number of these worker accounts has reached gigantic proportions. Today the Commission has in its files wage reports for well over a million people in 1942 alone.

As covered employers report to the Commission on the earnings of their workers, wage credit slips for each employee are carefully sorted and filed according to that worker's social security account number. For purposes of setting up the file, the Commission receives regularly from the Social Security Board a list of all employee account numbers established in North Carolina under the old age and survivors insurance program.

With some 725,680 social security numbers to start with, many new ones have been added. The increase in the number of these employee accounts has been most noticeable in the last two and a half years. Some 208,066 new social security accounts were established in this state in 1941 and about 180,402 more in 1942; the total on January 1, 1943 was 1,565,951.

Of course not all the workers who have social security account numbers in North Carolina have wage credits reported for them under the unemployment compensation program, since its coverage provisions are limited to establishments with eight or more employees. But a larger proportion of the new accounts receive wage slips in the Commission's files each year, as new workers tend to become part of the larger war production industries. In addition to accounts first established in North Carolina, the Commission keeps wage records for an increasing number of workers who have come into the state bringing their social security numbers with them. Altogether the Commission has close to two million account numbers on file.

Of all the thousands of accounts with unemployment compensation wage records in North Carolina, some must be regarded as inactive. There are those for workers who have dropped out of covered employment prior to the base period with regard to which a claim for benefits would now be processed. Some workers will have died. But it is significant that the 1942 reports from employers listed wages for 1,061,332 individual workers—over 200,000 more than for the previous year. Wages were reported for 814,666 workers in 1941, and for 698,300 in 1940.

Furthermore, one can only guess how many wage record accounts are being held for men and women now in the military services; consequently all records are retained. Since the Unemployment Compensation law of North Carolina provides that on reentering civilian life after discharge from military duty, a worker who cannot find employment may apply for benefit payments on the basis of his earnings prior to entering the service, a considerable number of the currently inactive accounts may be brought forward.

The responsibility of the Commission to all the thousands of workers insured under its program against loss of employment must be taken very seriously indeed, when it is remembered that the desperation born of unemployment which so many have known in the past may come to more in the future, if our economic planning, or lack of it, should prove unsound or insufficient. There have been times, and there may be more, when an unemployment compensation benefit check, modest though it be, spells the difference between something to eat and going hungry, between respectability and abject begging.

PRESENT CLAIM LOADS UNUSUALLY LIGHT

Since January 1943, fewer than 15,000 benefit checks have been issued by the Unemployment Compensation Commission each month. It is estimated that the checks have been sent to an average number of unemployed workers throughout the state of approximately 2,000.

1943 claim loads are the lowest this state has experienced since the inauguration of its unemployment insurance program over six years ago. In June 1942, the number of benefit checks fell below all previous levels and has been declining ever since. April checks, 11,347 for instance, were less than one percent of the number written during the peak of unemployment in August 1940. The amounts paid fell below $100,000 in February of this year and below $60,000 in May.

Insured workers who lose their jobs through no fault of their own are entitled to draw unemployment benefits when no new suitable work is available for them. The fact that as few as 2,000 persons in all of North Carolina were currently in this situation last month, is the result primarily of war demands for all unavailable labor—few workers today are losing their jobs and not finding new ones immediately. It is also a reflection of the efforts of the U. S. Employment Service in seeing that no manpower remains idle, and of the Commission's claims deputies who have been active in prosecuting any claimants attempting to draw checks on the basis of misrepresentations, and who are following instructions to scrutinize closely all claims where there has been a refusal of work on the ground that it was not suitable.

TAX REDUCTIONS FOR NORTH CAROLINA EMPLOYERS

Some 1,564 employers this year will be paying reduced taxes on 1943 payrolls to the Unemployment Compensation Commission of North Carolina in support of its trust fund. In these days of bigger and better taxes, such an announcement by the Commission of reduced rates would seem to be taking a different turn, if such rates were not part of a plan extending over many years.

The system of employer experience rating, designed to give an employer with a good record as regards unemployment the benefit of his experience in the form of a reduced payroll tax, was first formulated here in 1939 and perfected by the 1941 General Assembly. The system was then inaugurated in North Carolina on July 1st of the past year, as of which date the rates for this year's tax have been computed by the Commission. Under the employer experience rating plan, the rate of each employer's payroll tax to be paid in the following calendar year is reckoned on the basis of his individual account as to the amount of contributions previously paid into the fund in relation to the benefit charges deducted. The system contemplates that the first reductions from the standard rate of 2.7 percent of payrolls should not be great, but that with continued good experience as to unemployment among his workers, an employer's rate in years to come could fall as low as .27 percent of payrolls—one-tenth of the standard rate. Following the rather complicated system as prescribed by law, the Commission set up individual reserve accounts for each employer filing reports, and after allocating a certain portion of this to a pooled fund, computed his reserve balance and sent him a statement as to his rate of tax for 1943.

However, both the number of employers who will pay reduced taxes this year, and the industrial classification of many of them have been a surprise. It was not expected that the first computation would entitle quite so many as 1,678 accounts to a reduced tax rate. Even with 114 of these accounts now inactive, the number of the State's employers who will contribute less to the fund this year is 1,564, or close to a fifth of these with active accounts and an established reserve balance.

A tax reduction under experience rating is supposed to be the result of relatively stable business practices as regards employment. Yet, while most of the reductions apply to employers engaged in wholesale or retail trade, an unexpected number of them occur for local building-construction contractors, saw mill operators, and employers carrying on automotive supply and garage repair shops—the same groups among which the mortality rate of those ceasing operations in 1942 was found to be high. The probable explanation is that even though war's restrictions have hit employers in these industries pretty hard, forcing some out of business, and undoubtedly reducing employment for others, nevertheless the labor market has absorbed their workers so readily as practically to eliminate any benefit charges against their reserve accounts.

Of the larger groups, printers and publishers have about the highest proportion of reduced rates among them, with 40 percent of their establishments on the receiving list. Other sizeable groups where the average number of employers to pay reduced rates represent about a third of the industry more or less, include all wholesale and most retail merchants; bankers and insurance agents; manufacturers of iron and steel products and non-electrical machinery; repair shops, medical and health services, and motion picture firms.

In the majority of cases the amount of the reduction is the difference between 2.7 and 2.5 or 2.13 percent of payrolls. While to individual employers this may not seem so much in dollars and cents, it must be remembered that this is the first year in which any reduction could be made, and that all of the 1,564 employers may be in a position to receive greater tax reductions next year, eventually scaling down to the minimum of .27 percent of payrolls. By the same token, others who did not qualify for 1943 reductions may receive them for 1944, and so on.

Theoretically, no North Carolina employer has yet had an opportunity—even with a perfect record and not a dime paid out in unemployment benefits to any of his former employees—to develop a reserve which would entitle him to a rate lower than 2.13 percent for 1943. The hundred-odd employers who will pay rates lower than this for the coming year do so because their payrolls are now smaller than they were in one or more preceding years.

The effect that the smaller contributions from experience rating will have on the unemployment trust funds remains to be seen. Up to the present time, the fund has been steadily growing. Of the total sum collected since the Commission began operations, about a third has been paid out in benefits to unemployed workers. The balance on hand with which the Commission will meet the contingencies of the future is less than sixty millions. On the basis of the July 1, 1942 computation, less than a third of the fund was in the pool and the rest credited to employer reserve accounts.

Meanwhile, with the industrial boom of the war effort, the number of workers who have come under the protection of the unemployment compensation program has decidedly increased. There are now more than a million workers for whom their employers have reported wage credits and who will be entitled to apply for unemployment benefit payments should they lose their work through no fault of their own. Unless a post-war economy is carefully planned, it is conceivable that the trust fund might be insufficient to meet the demands made upon it over a period when readjustments could bring widespread and continued unemployment.

FEW VIOLATORS OF UCC LAW ESCAPE

Every law has its violators and the unemployment compensation law of North Carolina is no exception, even though few get away with it. To claim work insurance payments on the basis of a former job while earning wages on a new one, or to cash a check

intended for someone else, is a wrongful act both morally and legally.

Tracking down those persons who, through fraud and misrepresentation, forgery and falsification, obtain benefits to which they are not rightfully entitled is one of the responsibilities of the Unemployment Compensation Commission's claims deputies. Operating under the claims investigation section of the benefits department, headed up in the central office by Mr. S. F. Teague, the deputies constantly match wits with those of criminal intent. Investigations involve for the most part instances of misrepresentation; occasionally there will be a case of downright forgery.

For instance, take the experience of one office.

From claims handled through the Winston-Salem office over the last three years, the Commission discovered that some 45 persons had violated the law, and collected $1800.00 in overpayments. Against the total of $793,431.38 paid out on 152,737 checks to Winston-Salem beneficiaries during the same period, the amount obtained by fraud appears relatively small. Yet as a warning to others who might attempt illegal collections, violators are brought to the attention of the courts. 41 of the 45 offenders in Winston-Salem were prosecuted and convicted. As a result of court orders suspending sentence on repayment to the Commission, $1,543 has been restored to the unemployment insurance fund.

It is just another story that most acquisitive crime is small pickin's, and it definitely doesn't pay. What few of the workers who attempt to continue to draw benefits while they are again earning wages seem to realize is the certainty with which their fraud will be found out and catch up with them. It works this way, in most cases.

The Commission maintains an individual record for each and every worker who at some time establishes wage credits toward job insurance, and for whom, in effect, his employer has paid a premium on an unemployment compensation policy. This record shows that worker's reported earnings on the one hand, and also all benefits payments claimed and paid to him. If an employer is reporting wages for anyone at the same time insurance payments, the clerks who keep the records at Commission headquarters soon spot the discrepancy.

The case is then immediately referred to a field representative who calls on the employer of the suspected party to make sure there is no mistake. Then the evidence, thus double-checked, is given to one of the Commission's fifteen claims deputies to handle. He puts the case before the solicitor in the proper jurisdiction, and the law takes its course.

The penalty provision in the U. C. law, under which violators are prosecuted is an important paragraph. Unemployment compensation was established as a form of insurance for the workers of covered employers against a time when such work might be denied them through no fault of their own. The law was framed for the purpose of paying job insurance benefits to qualified workers losing their jobs, to tide them over a wage-less period until they could become reemployed; it did not contemplate continuing payment of benefits to workers after their enforced idleness ceased. It is illegal for anyone claiming unemployment compensation knowingly to fail to report earnings. The express provision of the statute for such misrepresentation is punishment by a fine of not less than $20 nor more than $50, or imprisonment for not more than 30 days.

Instances of forgery are another story. As a rule, it is only an occasional check that some person other than the beneficiary is tempted to sign for and cash. But a particularly flagrant case of wholesale forgery developed through the Wilmington office a while back, which called for special measures before the offender was finally run to earth. He is now serving a term of six to eight years in state prison.

This forger was first suspected because he was obviously living too high for his income. Then a first positive clue developed when a claimant failed to receive an unemployment compensation check due him, but was given cash by the man in question. So Commission representatives, led by R. A. Wadsworth, then Supervisor of Employment Office Managers, began painstakingly to investigate the endorsements on cancelled checks known to have passed through the suspect's hands. This meant canvassing stores where the checks had been cashed to see if storekeepers had been making sure of identifications. It meant a search of the claims records files by day and contacting Negro claimants after work hours night after night and holidays—in the football season too—for over a month, and overcoming their reluctance to testify. And there was a real element of danger, for certain numbers and bootleg racketeers mistaking the purpose of the investigation were ready to put the searchers "on the spot."

On the basis of the first few irregularities discovered, the culprit was arrested and kept in jail under high bond and his bank accounts attached. Meanwhile the investigation continued, finally piling up evidence as to between five and seven hundred phoney signatures, many of them countersigned and deposited by the forger himself. A lot of money had been wrongfully appropriated. However, the commission was able to recover a large part of it in settlement of a civil suit brought against the bank which had guaranteed the endorsements.

LARGEST FUND RECEIPTS FROM FIVE COUNTIES

Five North Carolina counties have paid over a million dollars each as taxes on 1942 payrolls to the state's unemployment insurance fund. The five counties are Forsyth, Guilford, Durham, Mecklenburg, and New Hanover. Their combined contributions amount to well over a third of the total receipts for 1942.

In previous years, only two of those counties, Guilford and Mecklenburg, have paid as much as a million dollars in payroll taxes in a single year. The increase is a reflection of recent high employment levels throughout the state. Total receipts to March 1, for the unemployment insurance fund were higher for 1942 than for 1941 by $3,733,819.95.

Other counties which paid over half a million for 1942 include Alamance, Buncombe, Cabarrus, Gaston, and Onslow. The most noticeable increase in

1942 receipts were from Durham, New Hanover, Craven, and Onslow counties, as a result of shipbuilding and war construction activities.

Unemployment Compensation Commission officials point out that since most of the increased receipts to the fund stem from war employment, the fund may have to stand considerable drains from it when such employment ceases. It represents not only unemployment insurance for the state's workers, but insurance for the state against a burdensome relief load.

As of June 1st, North Carolina's fund amounted to $59,459,960.00 exclusive of this year's benefit payments. Payments in previous years have averaged one-third of contributions. Compared to other state unemployment compensation funds on deposit in the National Treasury, a recent analysis made by Mr. Campbell from available figures indicates that North Carolina's balance per covered worker that it insures, is about 30 percent below the average.

LARGEST COUNTY RECEIPTS TO UNEMPLOYMENT COMPENSATION FUND

(March, 1943)

	1941	1942	% of 1942 Total
State	$ 14,568,429.33	$ 18,302,249.18	
Mecklenburg	1,345,745.67	1,614,589.83	8.8
Durham	593,339.01	1,411,585.75	7.7
Guilford	1,274,416.65	1,374,469.67	7.5
New Hanover	571,448.23	1,204,462.40	6.6
Forsyth	918,852.01	1,024,409.24	5.6
Gaston	759,213.52	995,843.04	5.4
Cabarrus	715,867.94	777,434.76	4.2
Alamance	535,716.86	605,675.18	3.3
Buncombe	505,411.38	589,034.75	3.2
Onslow	100,540.57	501,826.72	2.7
Wake	405,457.58	469,722.50	2.6
Craven	105,149.67	424,227.70	2.

U. C. C. MAKES REFUND

An opinion by the Unemployment Compensation Commission of North Carolina recently allowed a refund of several thousand dollars to two construction companies which jointly elected voluntary coverage and had paid taxes under a misapprehension as to their liability.

The two companies who paid the taxes and share in the refund are: Boyle-Kahn Construction Company and Boyle Construction Company and J. R. Suber Company. They had elected voluntary coverage in this state while engaged in work at Camp Butner which did not last for as many as 20 weeks in either 1942 or 1943, having been misinformed as to the provisions of the unemployment compensation law for North Carolina, which holds an employer is liable for unemployment insurance taxes on his payroll if he employs eight or more workers for 20 weeks in any one calendar year.

OUTLOOK FOR POST-WAR UNEMPLOYMENT IN N. C.—BIG DRAIN ON FUND

Looking to the possible effect of readjustments on employment in the immediate post-war period, Silas F. Campbell, head of the Unemployment Compensation Commission's Bureau of Research and Statistics, estimates that the Commission's fund balance available for payments to unemployed workers is likely to be adequate to meet its liabilities, although it may be more than halved. His views as to what North Carolina may reasonably expect with regard to the solvency of its unemployment insurance, are stated in a memorandum to the Commission.

Mr. Campbell starts with the assumption that the war will end in 1944; should it continue longer, the effect of immediate employment dislocations on the fund might be less drastic. He takes into account both the number of workers who have recently been added to the labor force for war production and whose employment would probably cease, as well as all the workers who will be demobilized from military service, and the effect which reduced employer contributions as the result of experience rating might have on the fund.

Taking the amount of employment which would be curtailed as the difference between the average number of insured workers before the war and the average number in 1942, he estimates a minimum of 105,000 claimants from war production jobs. Their checks would average $8.63 a week as a result of their higher wages. Allowing for benefits to some 75,000 ex-service men, also for some "normal" unemployment as in 1941, and for seasonal unemployment lasting as long as a recent study has shown that it usually does, Mr. Campbell expects the drain on the fund in the first and second post-war years would exceed $28 millions a year. This would be more than three times the amount of benefits paid by the Commission in any previous year.

He expressed the opinion, however, that post-war readjustment for North Carolina may be more rapid and a less serious problem than for some other states, for two reasons: First, the dollar value of its primary war contracts per capita of covered employment is less than half the average of 16 other southern states. Second, few plants have been built in North Carolina expressly for war production. It is largely a producer of consumer goods, and conversion to war production has meant mainly an increase in production along regular lines, with a minimum of new equipment and occupations.

Meanwhile, of course, the unemployment compensation fund which now stands at $59 millions, will have increased somewhat, although progressively less each year with employer experience rating in operation. Payments from the fund may be expected to far outweigh contributions to it in the first post-war years, Mr. Campbell believes, in which case the fund might rapidly shrink to less than half its present total.

BENEFITS TO BE RESTRICTED FOR SEASONAL WORKERS

The unemployment benefit rights of seasonal workers may be limited in the future, according to a statement issued by W. R. Curtis, acting chairman of the Unemployment Compensation Commission. His statement follows action taken by the Commission at a regular meeting in approving regulations drawn up on the basis of a recent legislative revision of the U. C. law. Under these regulations, now

available to employers, out-of-season unemployment, under specified conditions, in certain industries, or their branches, may be made non-compensable after July 1st.

Mr. Curtis further outlines how these new regulations under the law enable employers in seasonal industries to establish with respect to all or only part of their business a special period, or season, of insured employment of less than a full calendar year. Workers who lose their jobs within this specified period, may draw unemployment compensation for jobless weeks while the season lasts; but in the off-season, unemployed workers will not be entitled to draw benefits chargeable to their seasonal employers.

It is expected that employers engaged in such enterprises as tobacco processing and the resort hotel business may wish to take advantage of the new provisions. By doing so, their reserve accounts in the Commission's trust fund will be relieved of charges due to unemployment of their former workers during their industries' off-season.

The law stipulates that an employer who wishes to have his business, or a part of it, declared seasonal must apply to the Commission to establish such a season with respect to unemployment compensation. The season must be not less than four, nor longer than 36 weeks. The regulations prescribe the manner in which application for a seasonal classification of an employer should be made, and define what such an application has to show as to the amount and kind of employment offered during a season, so that the Commission may decide when employment is seasonal within the meaning of the law.

The effect on workers will be to reduce the possibility of drawing unemployment benefits during their off season and to encourage them to find work of another kind, as for instance in domestic service or on the farms.

COMMISSION'S POLICY WITH RESPECT TO REFERRING PARTIALLY UNEMPLOYED CLAIMANTS TO FULL-TIME WORK

On August 1, 1942, the North Carolina Unemployment Compensation Commission adopted the policy of notifying the last employer and base period employer(s) at the time a former worker files a claim for benefits or reinstates his claim for benefits. These notices are sent to the last and base period employer(s) whenever a claim is filed regardless of whether such claim is for total or partial unemployment.

The question has arisen as to whether it was the intent of the Commission to encourage partially unemployed workers to secure full-time work when such full time work is available. The Commission discussed this question and directed the Unemployment Compensation Division to continue the policy of notifying the last and base period employer(s) on partial claims just as these notices are sent on total claims.

The Commission also requested the United States Employment Service offices to refer such partially unemployed claimants to any base period employer provided such employer makes an offer of full-time suitable work to the partially unemployed claimant.

The Commission's action is based on a recognition of a necessity of channeling all available manpower into the war effort. This action, it is thought, would assist in bringing about a greater absorption of all available manpower into the war effort. The adoption of this policy by the Commission tends to protect the claimant by providing a greater work opportunity and at the same time enables the base period employer to conserve his reserve account credit.

The United States Employment Service will make referrals of partially unemployed workers and in making such referrals will follow the policy of contacting the employer of such partially unemployed workers before making a referral. This policy is deemed wise since it is recognized that the referral of certain partially unemployed claimants might result in a complete disruption of the operations of the employer's whole plant.

An employer who wishes to regain the services of a former worker who is partially unemployed, may request the United States Employment Office at which the worker files his claim to refer such worker provided an offer of full-time suitable work is made.

RAPER ADVISES BOARD

Hugh M. Raper, the Commission's administrative assistant was called to Washington to serve through June as consultant to the Social Security Board in its preparation of a national guide for employment security administration. Mr. Raper has been connected with the Commission since 1937, and became its administrative assistant when that staff post was created in March 1942. He has been responsible for developing operating procedures for both the central and local offices. The Board sought his advice following the recent visit to Raleigh of severad Board officials engaged in making a special study of agency operations in North Carolina.

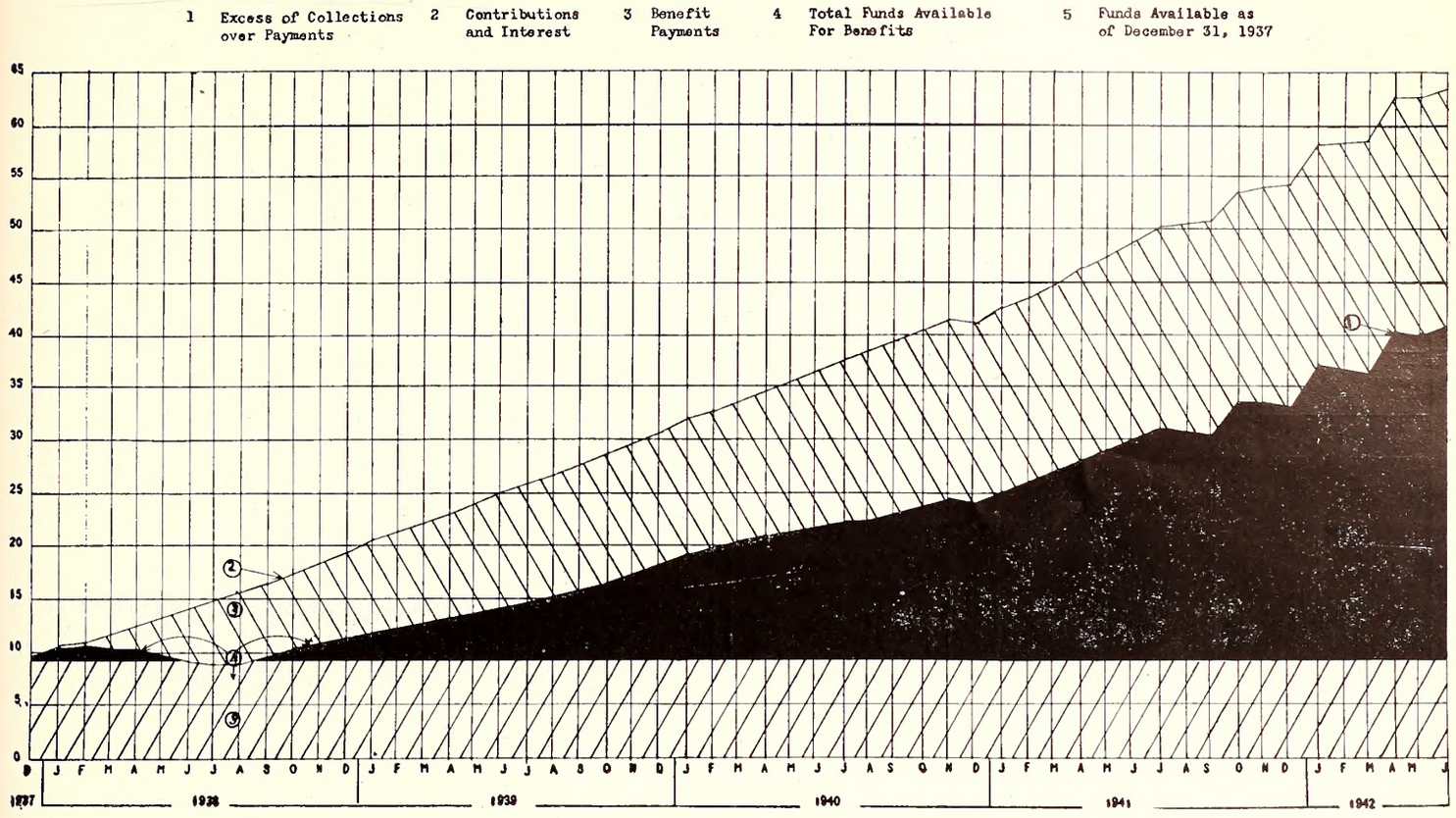
U. C. LAW—IN CHINESE

When Payroll Auditor Ray Work of the Columbus, Ohio, local Compliance office attempted to interview a Chinese hand laundry proprietor whose liability under the Ohio unemployment compensation law was in question, he received the answer, "No speekee English." Mr. Ray secured the aid of Mr. Walter Ming, one of the owners of the Far East Restaurant in east Columbus. Mr. Ray dictated the words, and Mr. Ming wrote a brief Chinese version of the law. Here, then, was the answer to all Chinese who said, "No speekee English," when questioned about the unemployment compensation law.

BENEFITS DENIED 7,000 OHIO MINERS

Ruling that miners, idle during April, 1941, while a new work contract was being negotiated, refused offers of work for which they were reasonably fitted, the Ohio Board of Review, in a two-to-one decision, denied them unemployment compensation for the period they were unemployed.

CUMULATIVE COLLECTIONS AND INTEREST, CUMULATIVE BENEFIT PAYMENTS, AND FUNDS AVAILABLE FOR BENEFITS, JANUARY 1938 TO JUNE 30, 1942. (IN MILLIONS OF DOLLARS)



CANNERS URGENTLY NEEDED

Unless an extraordinarily effective job is done this year in recruiting new workers in the food canning and processing industry and in maintaining the nucleus of experienced workers accustomed to working in each local cannery, according to the W. M. C., some crops will go to waste and the supply of canned and processed foods will become tighter.

Normally, about six times as many people are employed in canning around the first of September as at the beginning of May. W. M. C. estimates that roughly 400,000 canning workers will be needed in the U. S. at the peak season this year.

Canning, though a major industry, is essentially a seasonal, hometown industry, manned by local workers—youths, housewives, mechanics, and others —who are otherwise occupied during the rest of the year when the local cannery is not in operation or is operating on a reduced schedule. Wherever there is a cannery, local people have been accustomed to helping out the family income by seasonal work in the neighborhood plant.

Last year, however, a great many of these townsfolk were missing from the canneries. This year, the normal reserve of experienced local canning labor shows signs of serious depletion, exceeding that of 1942, yet the demand for canned and processed foods, will be far greater than ever before.

ANNOUNCEMENT

The greatest contribution which workers can make towards winning the war is get into a *vital war job!* If you are not using your highest skill you can obtain a statement of availability for work in an essential industry. The War Manpower Commission's Employment Stabilization Plan is designed to utilize every worker to the best advantages of the war effort. If you are not in one of the 35 industries listed by the War Manpower Commission as *essential* you are not doing your utmost for your Government. See your nearest United States Employment Office for a list of these essential industries, and if you have a skill which you can use in one of these industries, ask them how you can get into a war job. And, if you plan *any* change in employment, see the U. S. Employment Service for advice as to how the Employment Stabilitzation Plan can help you *and* your Government. Get into a war job to speed Victory!

COAL PRODUCTION LOST THROUGH STRIKES

The Bituminous Coal Division estimates that work stoppage in the anthracite mines since April 1 has resulted in a production loss of silghtly more than 1,500,000 tons, or somewmat more than a full week's production.

EMPLOYMENT SERVICE OFFICES FOR NORTH CAROLINA AND COUNTIES SERVED BY EACH

OFFICE	COUNTIES SERVED
Albemarle	Stanly
Asheboro	Randolph
Asheville*	Buncombe Madison
Bryson City	Graham Jackson Macon Swain
Burlington	Alamance
Charlotte*	Mecklenburg Union
Concord	Cabarrus
Durham*	Durham Orange Person
Elizabeth City	Camden Chowan Currituck Dare Gates Pasquotank Perquimans
Fayetteville	Cumberland Harnett Hoke Sampson
Gastonia	Gaston Lincoln
Goldsboro	Duplin Wayne
Greensboro*	Guilfordx
Greenville	Pitt
Henderson	Granville Vance Warren
Hendersonville	Henderson Transylvania
Hickory	Catawba
High Point*	Guilfordx
Kinston*	Greene Lenoir
Lenoir	Caldwell
Lexington	Davidsonx
Lumberton	Bladen Robeson
Morganton	Burke McDowell
Mount Airy	Surry
Murphy	Cherokee Clay
New Bern	Carteret Craven Jones Pamlico Onslow
North Wilkesboro	Alexander Alleghany Ashe Watauga Wilkes
Raleigh*	Franklin Johnston Wake
Reidsville	Caswell Rockinghamx
Roanoke Rapids	Halifax Hertford Northampton
Rockingham	Anson Montgomery Richmond Scotland
Rocky Mount*	Edgecombe Nash
Rutherfordton	Polk Rutherford
Salisbury	Davie Rowan
Sanford	Chatham-Lee Moore
Shelby	Cleveland
Spray	Rockinghamx
Spruce Pine	Avery Mitchell Yancey
Statesville	Iredell
Thomasville	Davidsonx
Waynesville	Haywood
Washington	Beaufort Bertie Hyde Martin Tyrrell Washington
Wilmington*	Brunswick Columbus New Hanover Pender
Wilson	Wilson
Winston-Salem*	Forsyth Stokes Yadkin

* Local office with Negro divisional office.

xCounty served by two offices.

COMMISSION ACTS

Six members of the Unemployment Compensation Commission—W. R. Curtis, C. E. Cowan, C. A. Fink, Mrs. F. L. Fuller, R. Dave Hall, Prof. H. D. Wolf—recently meeting in regular session at Raleigh headquarters, took action designed to discourage any workers who might attempt to draw benefit checks instead of remaining at or taking jobs helpful to the war effort.

A definition of availability for work, with respect to claimants, which conforms to W. M. C. rulings as to the availability of workers transferring from one job to another, was agreed upon. Also the Commission's policy was emphasized in instructing claims deputies to scrutinize carefully refusals to take jobs on the grounds of suitability.

SMALL MANUFACTURERS SHARE IN WAR PRODUCTION

A representative sample survey of the Nation's small manufacturing concerns by the Office of War Information indicates that 58 percent are engaged directly or indirectly in war production. Of the remaining 42 percent, about one-quarter have been unable to get war production contracts and about three-quarters have not tried to get war contracts because their products were not required for war, because they had enough civilian business, or for other reasons.

Only concerns employing no more than 125 wage earners were included in the survey; less than 5 percent of the firms studied employed more than 80 workers.

The Plan For Labor

The key to the War Manpower Commission's plan for labor stabilization, as announced on May 15th, is the United States Employment Service. Mrs. Gertrude K. Clinton, Director of the Employment Service for North Carolina, and deputy director WMC, outlines this plan as follows:

THE PURPOSE

The purpose of the plan is to provide government, management, and labor with an effective system of providing workers where needed to do war production and essential civilian work. It provides for holding workers on their jobs where needed or permitting them to transfer to other jobs under certain conditions.

So long as employers and workers conform to provisions of the plan they will be in compliance with W.M.C.'s regulation 4 restricting the transfer of workers which was issued under the President's "Hold the Line" order stablizing wages, prices and employment.

THE PLAN

1. Provides that employers in essential industries may not hire a worker whose most recent employment was in an essential industry unless such a worker presents either a statement of availability from his most recent employer or a statement of availability from his local United States Employment office.

2. Sets up machinery enabling workers, under certain conditions, to transfer from one essential industry to another if such a step will aid in the effective prosecution of the war or compelling personal reasons make such a step advisable.

3. Establishes valid reasons which entitle an employee to a statement of availability and sets up procedures under which statements may be obtained. The plan provides that statements of availability shall be issued to any worker by his most recent employer or the Employment Service, whenever the employee—

A. Is discharged by his last employer.

B. Is laid off for an indefinite period or for a period of 7 days or more.

C. Can establish that his present employment does not utilize him at his highest skill or that he is not being employed full time.

D. Has compelling personal reasons for change in employment.

4. Provides that under certain conditions a statement of availability may be issued if it is established that the change of employment will aid in the effective prosecution of the war.

5. Stipulates that where an employee has a valid reason for a job transfer within essential industries, the Employment Service is authorized to grant such statements of availability when the employer refuses to grant a statement of availability.

6. Provides that employers may not hire in-migrants (workers who have not lived within the normal commuting distance of the prospective employer's establishment) except through the local Employment Service office.

7. Permits workers to transfer freely from other than essential to essential activities. No statement of availability is needed unless the worker is going to work outside the local commuting area.

8. Stipulates that while the worker may appeal from the decision of an employer or the Employment Service when not granted a statement of availability, the worker must remain on the job until the appeal has been decided.

9. Authorizes the Employment Service to grant statements of availability, upon request, to any employee of an employer who violates the regional plan, or the area plan, if one is in effect. These statements may be issued regardless of whether the workers otherwise would be entitled to such statements.

10. Prevents workers from transferring from an essential activity to an activity other than essential at a higher rate of pay unless there is no full time job which he can fill, available locally in an essential activity.

11. Provides that a worker wishing to seek or accept employment outside the commuting area must obtain a statement of availability from the USES covering the locality in which he is currently or was most recently employed. Without such a statement of availability he will not be able to obtain employment.

12. Provides that the granting or denial of a statement of availability may be appealed by an employee or an employer from a decision of the Employment Service, provided an appeal is filed within seven days from the date of such determination with the area manpower director or the regional director.

13. Permits a worker to transfer from agricultural employment to other agricultural employment, irrespective of the wages in either employment.

14. Permits a worker in non-federal governmental employment to transfer to other non-federal governmental employment, irrespective of the wages in either employment.

15. Provides that hiring by departments and agencies of the federal government which are subject to the rules and regulations of the U. S. Civil Service Commission shall be made only with the approval of the U. S. Civil Service Commission, which shall conduct its recruiting activities and make referrals in accordance with W.M.C. policies, procedures, and standards.

16. Provides that nothing in the stabilization program shall be construed as applicable to state governments and local subdivisions thereof, nor to casual employment (those employed for 15 days or less) domestic servants, or employers of fewer than eight employees.

THE REGIONAL PROGRAM

The program in North Carolina is a part of a regional plan which has also become effective in the states of Maryland, West Virginia, Virginia, and North Carolina and the District of Columbia.

In announcing the regional plan, Leo R. Werts, acting regional WMC director, explained that it is subject to amendment to fit peculiar problems within a state or a locality within the region. Until further notice, however, the regulations outlined above will be in effect throughout North Carolina.

"The aim of the plan," Werts said, "is to eliminate wasteful turnover, to reduce unnecessary migration by encouraging the full use of local labor, to direct scarce labor to employers engaged in essential activities in preference to others, and to obtain the maximum utilization of the manpower resources of the region under standards protecting the rights of all concerned. The plan for realizing these aims was worked out during conferences between manpower officials, management, and labor.

"Through the use of statements of availability, workers may move between essential activities and into essential industries. In effect, these statements of availability are written statements authorizing an employee to leave his present employment and go to work for another employer in an essential activity."

It should be emphasized that workers in transferring from one essential activity must have these statements to the effect that the worker may be hired elsewhere in an essential activity. It is highly important that all workers who contemplate seeking work beyond normal commuting distance from their homes must have statements of availability. Without them, they will not be able to secure employment. All hiring of in-migrant workers will be through the Employment Service, and before any worker can be hired outside his home area, he must have a statement of availability from his home town employment office.

To aid in administering the plan, WMC labor-management committees for both the region and the state will serve in an advisory capacity on policy. The members of the regional committee follow:

Management Representatives—S. W. Pickering II of South Charleston, W. Va., Union Carbide and Carbon Corp., C. D. Mackay, of Washington, Southern Railway Systems, Leroy H. Smith, of Roanoke, Va., American Viscose Corp., Charles P. McCormick, of Baltimore, Md., McCormick & Company and L. K. Clyde Council, of Wananish, N. C., Council Tool Company.

Labor Representatives—James H. Blake, of Washington, Secretary-Treasurer of the National Marine Engineers Beneficial Association, A. E. Brown, of Durham, N. C., American Federation of Labor Organizer, Frank T. Coleman, of Washington, Maryland and District of Columbia Federation of Labor, Frank J. Bender, of Baltimore, Regional Director of the Congress of Industrial Organizations, and Sidney J. Katz, of Washington, Secretary-Treasurer of the Maryland and D. C. Industrial Union Council.

What Are Essential Jobs?

BY E. C. MCCRACKEN, ASST. DIRECTOR, U. S. E. S.

We must see to it during this global war that all of our people who are capable of productive effort perform tasks in which they can make contributions toward winning the war. Any job which contributes directly or indirectly to the maintenance of our armed forces or to the production of civilian necessities on the home front is an essential job. The lists of essential activities which have been published by the War Manpower Commission define the jobs and activities which are making the most direct contribution to our war effort.

Essential jobs are not merely those jobs that have to do with making planes, or ships, or ammunition, or bomb sights because no nation at war can suspend all activity on the home front while the armed forces fight on the battle front. There are, of course, occupations and activities at which people work in normal times that contribute very little to the necessary requirements of either the military forces or civilian life.

These lists of essential activities and occupations were designed to provide the United States Employment Service and other governmental agencies with a guide to be used in directing this nation's manpower resources into the channel that will make the greatest contribution toward winning the war.

The first directive issued by the War Manpower Commission instructs the United States Employment Service to prepare and keep current lists of:

1. Essential Activities
2. Essential Occupations
3. Critical War Products

In preparing and setting up the lists of essential activities, the industries and activities normally engaged in by people in this country were carefully examined and studied to determine those which were really essential to the maintenance of our armed forces or essential to the civilian life of the nation. Before any activity can be considered essential, it must meet one or more of the following criteria:

1. Fulfilling a contract of the Army, Navy, Maritime Commission, or other governmental agency engaged directly in the prosecution of the war.
2. Performing governmental services directly concerned with promoting or facilitating war production.
3. Performing a service, governmental or private, directly concerned with the maintenance of indispensable civilian activities, health, welfare, or security.

4. Supplying material under subcontracts for contracts or activities included in 1, 2, or 3.
5. Producing raw materials, manufacturing materials, supplies, or equipment, or performing services necessary for the fulfillment of contracts (including necessary clothing and other supplies required by workers on these contracts) included in the above criteria.

In general, the lists of essential activities which meet these criteria include the following types of industries or activities:

1. Production, repair, and maintenance of all types of combat material.
2. Production of all pharmaceutical chemicals.
3. Production and manufacture of all fuels.
4. Communication services and the production of communication equipment.
5. Basic agricultural activities.
6. Processing or manufacture of basic foods.
7. Production of necessary apparel for the armed forces and civilian needs.
8. Production of selected equipment and machinery used in the manufacture of essential products and maintenance of essential materials and furnishing of essential services.
9. The production of all parts necessary to the proper operation of machines utilized in the production of essential items listed above.
10. Maintenance of facilities needed for transportation of essential goods and of workers in essential activities.
11. Production and maintenance of facilities and services necessary for civilian safety, health, morale, and security.

All local United States Employment Service offices have complete lists of the activities which are considered essential. These offices in recruiting and referring workers for employment are required to accord priority to these essential activities. This simply means that every local Employment Service office in making referrals to jobs must give first consideration to filling jobs in these industries and activities that are considered more essential. This does not mean that the Employment Service office does not serve all types of employers or all types of applicants, but it does mean that it must serve essential activities first.

Recently the War Manpower Commission published a list of non-deferrable activities and occupations. In this list of non-deferrable activities were 36 industries and services. All of the personnel engaged in these activities were declared to be non-deferrable. Also listed were 29 specific occupations. Jobs such as gardeners, night club employees, and hairdressers were declared to be non-deferrable regardless of where these jobs were to be found. The determination that these activities and occupations were non-deferrable was merely a determination that during this war we can get along more easily without fancy glassware and night clubs than without food and tanks.

WAR SHIFTS AMERICA'S MILLIONS*

(Each V symbol equals 1,000,000 men and women)

CLASS	DECEMBER 1941	DECEMBER 1942	DECEMBER 1943
Civilian Industries	VVVVVVVVVVVVV VVVVVVVVVVVVV VVV 29 Million	VVVVVVVVVVVVV VVVVVVVV 21 Million	VVVVVVVVVVVVV VVVVV 18 Million
War Industries	VVVVVVV 7 Million	VVVVVVVVVVVVV VVVVV 18 Million	VVVVVVVVVVVVV VVVVVVV 20 Million
Armed Forces	VV 2 Million	VVVVV 5 Million	VVVVVVVVVV 10 Million
Agriculture	VVVVVVVVV 8¾ Million	VVVVVVVVV 8½ Million	VVVVVVVV 8 Million
Self-Emp. Proprietors Servants	VVVVVV 6 Million	VVVVV½ 5½ Million	VVVVV 5 Million
Jobless	VVVV 3¾ Million	VV 1½ Million	V 1 Million

War is bringing increasingly drastic changes in jobs. 1942 government estimates show war industries employing 17,500,000 men and women, up more than 10,000,000 from a year before. The total will be 20,000,000 or more a year from later. Armed forces, of 5,500,000 or more, are expected to rise to at least 10,000,000. Farm workers, now a little over 8,000,000, had been expected to shrink a little, but increased food requirements may change that.

* From A.P. Features, revised.

Ample opportunity was given to persons in these non-deferrable occupations and industries to shift to other jobs which are more important to the country. Unfortunately there were some people in a great many activities who did not stop to consider whether the activity in which they were engaged might be an essential industry and left their jobs to search for other jobs in shipyards, airplane plants, or ammunition factories. Many of these persons left essential activities in which they were already skilled and went to find jobs in other activities for which they possessed no skill.

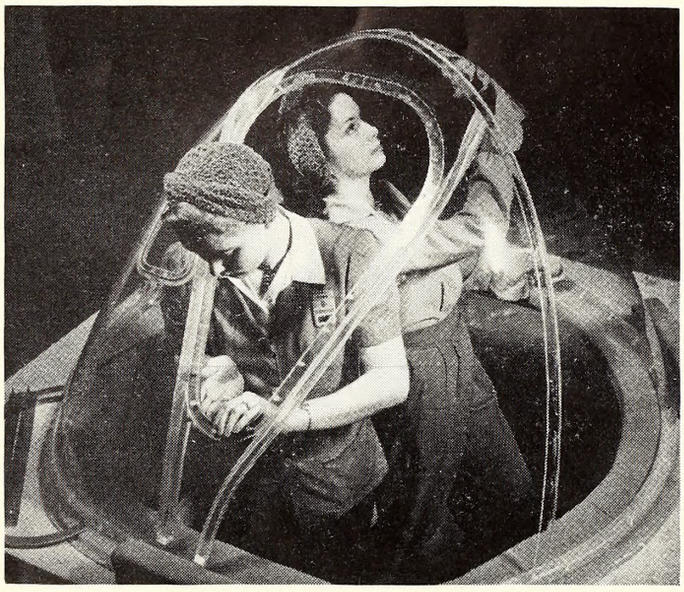
No reason exists for shifting from job to job, industry to industry, merely because a worker feels that the activity in which he is engaged may be declared non-deferrable. All local offices of the United States Employment Service have current information on essential activities that are prevalent in the local area. Before a worker leaves a job to seek another, the Employment Service offices should be able to advise him as to whether he can make the greater contribution in the job he now has or in some other job.

NATIONAL LABOR TURNOVER

It is reported by the Bureau of Labor Statistics that in March 1943 for the country as a whole, the labor turnover could be measured as follows. For every 100 employees, in all manufacturing industries, there were 8.3 accessions and 7.7 total separations, of which 5.4 were voluntary, 1.1 were discharges and lay-offs, and 1.1 represented military inductions. In the aircraft industry, voluntary separations occurred at the rate of 4.7 for every 100 workers; in shipbuilding the rate was 7.1, and in machine tools it was 3.4.

What Can Women Do?

The answer is they can do almost anything. In the past two and a half years, the United States has swung toward total war production. Vast new war industries have created new and crowded communities. Older industries have converted to the uses of war. All agriculture has been keyed to the food-for-freedom program. In the course of this gigantic movement, women by tens of thousands have gone as workers into the war factories. Women have also gone to work in the fields and orchards. To manipulate the machines that produce guns, tanks, ammunition, hundreds of thousands of women who have never been in the labor market before will eventually be holding jobs. A prediction that 50 percent of the workers on these machines will be women is regarded as not overshooting the mark.



Women expertly apply the finishing touches to the nose of a war plane. Photo by Office of War Information.

Most employers and many labor unions in peacetime, and some of both groups even now, oppose the employment of women, largely on the excuses of additional expense, lack of strength of the female worker, breaking up of homes, and just plain prejudice against the idea of women outside the home. But the pressing need of industrial manpower has already exploded most of this opposition. English experience as well as our own, both in the first World War and later, has proved they can do the job. Britain is now using large numbers of women in tank arsenals, where the work is very heavy.

Here, however, tanks and ships are being built mostly by men, and the larger employment of women tends to be in airplane, ammunition, and small arms manufacture, electrical goods, parachute making, precision instruments and similar war industries.

Women form the largest part of "local labor" which war plant employers must employ if disastrous migration, crowded housing, and pirating of workers is to be avoided.

Even larger numbers of them are entering the so-called essential services—ranging all the way from street-car conductors and store-clerks to hospital workers and truck-drivers—and on farms, to replace men who go to war and to war industries. In some rural communities, where shortages have developed, women are being recruited by the United States Department of Agriculture and the Employment Service to help on the farms, to replace the men whom the Great Fortune Teller might refer to as crossing water.

The experience of plants hiring large numbers of women shows they excel in occupations requiring patience, care, and constant alertness, keen eyesight, and perhaps most important, finger and hand dexterity. Many women have the ability to work to precise tolerances.

Women are now used extensively on such manipulative jobs as the operation of drill presses; all types of light sub-assembly and final assembly requiring the use of hand tools; electrical work including wiring and assembling parts, winding coils and armatures, soldering and taping.

In some occupations, such as the operation of light-duty and automatic screw machines, light turret lathes, sheet-metal forming and riveting, acetylene torch welding and electric arc welding, they have shown they can readily and successfully be used.

A survey of occupations in 21 key war industries indicates that women can do 80 percent of the jobs. Even in the ship and boat-building industry, it is found that women can function as boilermakers' helpers, draftsmen, machinists' helpers, blueprint machine operators, and flash welders. And they can be satisfactorily employed in such foundry work as casting cleaners, finishers, polishers, machine core makers and facing mixers.(1)

According to the United States Women's Bureau, women in general have about one-half the average man's lifting strength and about two-thirds of the average man's pulling strength. They are more susceptible to dermatitis and certain other health hazards in the presence of specific chemicals. Some of these limitations can be overcome by special health measures, by lifting machines, and adjustment of tools and machinery. Roller conveyors, pedestal lifts, lower work benches, and new kinds of mechanical aids can be installed.

Unusual activities in which North Carolina women are now engaging are used as subjects of newspaper stories from time to time. Women are manning the police force in Asheville; they are serving as guards at the State Prison; they are driving army cars and jeeps from point to point; they are driving dairy trucks; they are making successful munitions inspectors; they are serving as instructors in airplane mechanics at one of the state's Army Training Commands; more women doctors are now on hospital staffs. In an Elizabeth City plant a group of 200 negro women are making veneer for aircraft.

Labor placements in the state have been showing

(1) For an analysis of the possibilities of women in industry see (Dec. 1942) 55 MONTHLY LABOR REVIEW 1170-1185.

a rapidly increasing ratio of women to men. In addition to taking their places in the specialized war production industries that have recently been developed in North Carolina, women are doing their share in all types of manufacturing plants. For instance, the same combed yarn they helped produce in a textile mill in peace-time, is being turned out today, but for army uniforms instead of for its former destined uses.

A recent survey by the Employment Service covering 420 of North Carolina's largest and most representative industrial establishments indicated that two-thirds of their current production is directed to the war effort. Among the workers in these plants today one in every three is a woman.

N. C. LABOR LAWS RELAXED FOR GIRLS

The Governor, with the approval of the Council of State, has proclaimed that girls between 16 and 18 years of age are now permitted to work as late as ten o'clock in the evening of any day, where formerly they could work no later than nine o'clock. Furthermore, the Commissioner of Labor has been authorized to grant permits for 16 to 18 year old girls to work as late as twelve o'clock midnight in essential war services, when it is found that the employer has provided adequate safeguards for the general health and welfare of such minor female employees. However, the general understanding is that these special permits will be issued only when other employees are not available.

Extended School Services For The Children of Mothers Engaged in War Work

Under the direction of W. F. Credle, state Director of School-house Planning, who was appointed last January to act as administrative head of the program, a full fledged plan is now under way to provide care and instruction, beyond regular school functions, for children two to 14 years old of mothers engaged, or to be engaged, in essential war production activities. Mr. Credle's official title for this undertaking is Chairman, Child Care Committee of the Office of Civilian Defense. Agencies participating in the plan are the State Board of Health, the Works Projects Administration, State Board of Charities and Public Welfare, the United States Employment Service and the State Department of Public Instruction.

Through the use of school facilities, the plan contemplates two types of child care: (1) for pre-school children, ages from 2 to 6 years, it will include an all day program, for a 6 or 7-day week. The daily schedule of a 10, 12, or 14-hour day is to be adjusted to suit the needs of the families served. (1) For children of school age, the program would add an hour or so before and after school and service until 5 or 6 o'clock, or later as work hours require, and on Saturdays and holidays. For children who attend school for half-day sessions, due to crowded conditions, additional services may be needed for a full half day.

This involves of course 12-hour service in the schools, for six days a week, 12 months in the year, as an extension of the regular school system. The whole program is placed in each community under the supervision of the local superintendent of schools.

The Federal Government supplied Mr. Credle with the services for three months of three child-care specialists who have surveyed with him the needs for such extended school services throughout North Carolina.

The greatest need was found to exist in the proximity of the various military bases located in the state. In these localities, ordinary commercial and business enterprises have enjoyed a boom and drawn on most available sources of labor, so that war-production industries in nearby communities have turned to unused reserves of womanpower—often mothers—for their production lines. One of the standards used in measuring need was whether the mother's work is performed for a company operating under a war contract; and in the case of some Negro mothers in domestice service, whether that employment is for workers in war-contract industries.

Typical needs making children eligible for the extended services include the following situations: where a father works nights and must have undisturbed sleep in daytime, where a child is in a motherless home and the father has no way of providing care, where home conditions are such that suitable care for the child is not possible; where father and mother both work and the child is at home alone during out-of-school hours. In determining eligibility on the part of a community to share in this program, justification had to be directed specifically to an explanation of how the war effort would be impeded if the requested services were not rendered.

Extra care of the pre-school type is planned wherever there is found to be a group of 30 or more 2-6 year olds requiring it. In many instances where it is proposed to form such groups, building facilities and equipment not at present available through the public school system may be required. Mr. Credle expects about 100 of the pre-school groups to be established in the state, and contemplates for each group a staff of three teachers, two assistants, and a maid and janitor.

That employers are heartily in favor of the plan is evidenced by the vote of the board of directors of one company to set aside funds for a building to house a pre-school group, such building to be erected

on public school grounds and to be hereafter completely at the disposal of the local school board.

Before and after school programs for children of school age will be set up where there are groups of 100 or more pupils to be cared for. This means opening the doors of the schools before the regular time, depending on the work hours of parents, and keeping them open as long into the afternoons as may be necessary, with qualified teaching staff and recreational personnel in charge.

Mr. Credle is most keenly interested in seeing that all personnel connected with the child-care program meet the best professional standards. A system of special training courses for such positions is being set up.

The funds for this extended school service will come jointly from the individual communities and from appropriations under the federal so-called Lanham Act, or Community Facilities Bill—by a procedure requiring certification of necessity from the United States Office of Education to the combined security agencies. The Federal Government, after approving local plans, agrees to take care of setting up the project, seeing that certain initial overhead expenses are met, and thereafter to meet one-half of the operating costs.

About two dozen North Carolina communities may eventually participate in the program. Up to June, with the exception of Durham, all of those which had been made the Government had accepter, and their projects are already becoming well established. These include Asheville, Burlington, Charlotte, Cherry Point, Cumberland County, Elizabeth City, Fayetteville, Greensboro, Kinston, Laurinburg, Raleigh, and Wilmington.

Plans have also been submitted by Gaston County, High Point, Lexington, Onslow County, Scotland County, and Thomasville. And six additional communities, namely, Erwin, Goldsboro, Mecklenburg County, Monroe, Mount Airy, and Salisbury are likewise interested in obtaining the extended school services.

WOMEN MAY GET SAME PAY AS MEN

Adjustments to equalize the wage or salary rates paid to women with rates paid to men for comparable work may still be made without Board approval under the "Hold-the-Line" Executive Order of April 8, according to the National War Labor Board.

4,500,000 NEW WOMEN WORKERS HAVE ANSWERED CALL TO JOBS

The Census Bureau's most recent estimate shows 15,900,000 women employed in the United States in May 1943, as against 11,500,000 at work two years ago.

LABOR DISPUTES

The United States lost 850,000 man-days during the first three months of this year because of strikes and lock-outs, according to a report of the Bureau of Labor Statistics.

AVAILABILITY OF TEACHERS

Employees of state, county, and municipal governments are not covered by the provisions of the War Manpower Commission's Employment Stabilization Plan, in deference to the principle of State's rights, and, therefore, do not require a statement of availability in order to take jobs with other employers, essential or not, Dr. J. S. Dorton, State manpower director, announces.

Conversely, since state, county, and municipal governments are not covered, they are free to employ any individual from any other employer, essential or not, without a statement of availability from that other employer.

Of immediate application, teachers who desire summer vacation work, are free to accept employment from any local employer without a statement of availability, and, when teachers are ready to quit the summer job and return to teaching, they are free to do so without such a statement.

However, if a teacher desires to move to another area to work, or is not in normal commuting distance of the work he expects to accept, he should have a statement of availability from the United States Employment Service office serving the area in which he resides.

Also, if a teacher starts on one summer job for an essential employer and wants to shift to another essential employer for further work, he is required to secure a statement of availability from the first employer, in order to be available for work with the second employer.

The Federal government, on the other hand, is covered by the provisions of the Stabilization Plan and all of its agencies are required to give statements of availability when laying off workers, or must require such statements of an employee coming from other covered employment.

NUTRITION FOR WORKERS

Suggestions as to how improved eating facilities in war plants can help increase production have been developed by the Women's Bureau of the U. S. Department of Labor, after a survey of 183 war plants. The report points out that the Government has mapped balanced diets for industrial workers and the Office of Price Administration's rationing branch is willing to make allowances for increased food allotments if labor and management will take the initiative and work out mass feeding facilities.

Standards for eating periods for women in war plants include a minimum of 30 minutes' time, a menu that includes hot, nutritious foods at a reasonable price and a pleasant place in which to eat away from the workroom.

The survey revealed that: Thousands of war workers have no hot food during working hours; thousands must eat lunch in 15 minutes; thousands eat in the open, exposed to all weather variations; and thousands eat in unsanitary rest rooms.

"And the results? Lately people have been calling it absenteeism. Personnel offices call it anemia, indigestion, nervous debility, and work lag."

Current factory scenes showing women at work in the plants of the Thomasville Chair Company. Their varied occupations include hooking fabric and helical springs in an Army bed frame, inspecting and packing tent pins, inspecting rolling pins, sanding the rounded end of pin handles, driving dowel pins in Army bed rails, and splicing veneer stock for aircraft.

100.000 WOMEN NEEDED IN 1943 TO REPLACE MEN IN TEXTILE MILLS*

As a result of a recent survey it is estimated that 12 percent, or 153,000 textile workers, are now in the armed services. Because the textile industry employs in normal times more women than men, the 12 percent which has gone into the services is in fact a much larger percentage of the eligibles, being about 25 percent of the men normally employed. In other words, one out of four male employees has already left the mill for active war service. This gives the country about 153,000 soldiers, sailors, or marines who were formerly more familiar with spindles, shuttles, knitting needles or dye vats than with the more sinister machines of modern warfare.

Mobilization continues, and if the armed forces rise to over 10,000,000 men by the end of the year, an additional 8 percent of textile workers, or approximately 105,000 men, will be inducted if the law of averages holds. This estimated group will be replaced almost wholly by women. This replacement will mean the recruiting and training of about 100,000 women in the textile industry during 1943.

*Condensed by Mrs. Viola March of R. & A. Division. From *Textile World*, March 1943 issue.

Labor Reserves---A Message to the Resourceful Employer

BY MRS. ANNE T. FREEMAN, U. S. E. S., SUPERVISOR OF SELECTIVE PLACEMENT

How old's your car, my friend?

Time was when I traded cars every two years at least and rationalized by telling myself it was economical because then I wouldn't have to buy a new set of tires (what are they?). That may sound silly, but I'll bet—if you're honest with yourself—you can remember times when you managed to evolve equally foolish rationalizations to convince yourself that you were making a sensible economical move rather than being extravagantly wasteful. Whether we bothered to smother our real reasons in excuses, or plunged ahead in the careless, much publicized, happy-go-lucky American attitude, we have been an extravagant, wasteful nation. We have been no less wasteful of our manpower than we were of our cars or our food.

It took a war to wake us up. The cars rolling off the assembly lines turned into tanks. The beef, the canned goods, the tires, the shoes, once so abundant, are now obtained in exchange for little tickets—if, and when they're available. The wealth of manpower marched off to the wars or disappeared in ever-expanding production of vitally needed materials.

Does that leave us poverty-stricken? Not much. We may grouse about rationing and shortages, but we're still well-fed. It takes a little more ingenuity to make a tasty dish of stew meat than it does to broil a porterhouse steak, but the dietitians tell us that the nourishment is there. It takes a little more thought to fill a job with a woman or an older worker or one who has some physical disability than it does to fill it with a strapping young buck of eighteen. But it's being done, and the records show that American production continues to increase.

Wasn't it Thomas Edison, a man who overcame great physical handicaps, who said that nature endowed lavishly, bestowing far more than we would ever need in the anticipation that we might be deprived of part of it? As an example, he pointed to the case of the female fish, which is created with an ability to lay millions of eggs. Thousands of the eggs are destroyed in the course of natural events, but there are still plenty left to carry on the species. In the same manner man is endowed with far more than he ever uses in mental and physical abilities. It is not what a man has lost that counts; it is what he has left.

Industry has learned, under the whip of necessity, that there is *no* job that requires a man's total mental and physical ability. Industry is finding that to avoid waste of manpower, the job to be filled can be studied to determine what a man must have in order to do it.

Does the worker sit at the job all day? Then why must he have two sound legs? John Doe has a wooden leg, but his hands are strong and quick, there is nothing wrong with his upper story; his head is clear and clicks, and—beautiful thought—the Army won't take him just as you have taught him the job.

Certain employers have long realized the fact that deaf-mutes make excellent production workers. They are not distracted by machine noises and are incapable of the "socializing" and casual conversation that takes up the production time of other workers. Increasing shortage in the labor market has resulted, in this case, in an increasing number of "smart employers." Net result: a shortage of deaf-mute workers in the face of a greatly-increased demand.

There is, as a matter of fact, an increased demand for workers with various types of physical disabilities. It will grow. And, as usually happens, the pendulum will probably swing too far in the opposite direction. From setting ridiculously high physical standards, the employer, in his effort to keep his plant staffed, will swing to the other extreme and hire physically disabled workers indiscriminately. This is as great a disservice to the handicapped worker as the former policy of barring him from *all* jobs because of his inability to handle *some*.

There is but one intelligent way to go about the job of employing workers with physical disabilities, and that is:

1. Analyze the job. It has long been customary to analyze a job for determining what the job requires in the way of intelligence, skill, and aptitude. Now logically it follows to add to the analysis the physical requirements necessary.
2. Evaluate the worker's qualifications, his *abilities* rather than his disabilities.
3. Put the right worker on the right job.

There are many outstanding examples of the success of using this formula. One automobile manufacturer has utilized as many as 10,000 handicapped workers in his plants. A large Eastern firm employing many workers with physical defects found that the records proved irrefutably that their sickness, accident, and quit rates were considerably lower than those of the physically normal, their production and earnings, just as high. There are some very good reasons for this. The handicapped worker is more serious, more desirous of making good. He is more apt to choose security and a good record rather than job-shopping for higher wages.

To take some examples in our own back yard, these are a few of the handicapped workers the United States Employment Service has recently placed with North Carolina employers:

A tool grinder who has only one leg.

A cost accountant who has lost his left hand.

A girl typist who has an artificial leg.

A slicer machine operator who has defective hearing.

A mica sheeter who has badly crippled legs.

A tool maker who is deaf.

A woodworker who has a deformed leg.

A cloth stamper with a crippled leg.

These are but a few. Every day specially trained

Employment Service personnel assist employers in analyzing jobs and carefully selecting workers with some type of physical disability to fill them.

There's no blinking the fact that some employers still foster the old unreasoning prejudice against hiring anyone with a physical disability. It is largely a matter of ignorance. If one falls into this group, he may need to examine the record; intelligent selective placement of workers with physical disabilities may be at least a partial solution to his problem of obtaining sufficient personnel.

Give this a thought when doing your worrying: There is a labor shortage. Replacements are going to come from the so-called minority groups—women, Negroes, older workers, and the physically handicapped. This is an indisputable fact. These groups, properly utilized, are going to carry on the battle of production. And—properly utilized—they're entirely capable of doing it.

So learn a lesson from nature: when abundance disappears, adequate resources are still left to carry on.

JOB FAMILIES "CLICK"

"The 'Job Family' technique is helping us to beat the axis. And quite possibly historians may rank this vast job-switching effort as equally important to any 'secret weapon' in the arsenal of the United States," is the opinion of Carroll L. Shartle, Chief, Division of Occupational Analysis and Manning Tables Bureau of Manpower Utilization, W. M. C., as told by Lucien Aigner in the July Issue of *Click* magazine.

This article very clearly and concisely discusses the job family technique as applied to the present war situation and as it may apply after the war to reallocate the army of unemployed into peace-time jobs. The way this technique works is further clearly shown in two full pages of illustrations. Even such simple skills as those employed in filing and enameling fingernails, rolling curls, and cutting hair, are useful today, thanks to job families.

After the war these same skills can be utilized again and their owners will be switched from war jobs to peacetime pursuits with little loss of time or lowering of pay. For complete details read the July issue of *Click* magazine.

INDUSTRIAL ACCIDENTS

A series of nine short articles have been prepared by the Office of War Information summarizing the major points of safety education as outlined by experts. These points are important to workers everywhere, and their observance and wide dissemination will aid managements, labor, and the Government in the prosecution of the war.

Job accidents in the United States from July 1940 to January 1945, brought death to 48,500 workers, cost 258,000 an eye, finger, hand, arm or leg, and laid up 5,300,000 for an average of three weeks each. Days of work lost in these accidents totalled 110,000,000—more than 375,000 man-years.

Yet in the first 18 months of war, our announced battle casualties have numbered 12,123 dead, 15,049 wounded; 40,435 missing and 10,628 prisoners of war, a total of 78,225.

WAR PRODUCTION CAN'T BE BLITZED*

Printed and spoken words—the right ones—can be used to increase production. England has proved it and England today has the highest per capita production of any of the United Nations. Her experience has shown that to get results material addressed to war workers must be: (1) truthful; (2) specific; (3) newsworthy; (4) human.

England's war production drives have evolved into broad, coordinated educational programs for *all* war workers. Information rather than inspiration is the keynote. England has found that production should not be a subject for hysteria. Straining for increased output is often followed by a let-down or by increased accidents or absenteeism. A well-prepared and continuous educational program gives the worker a clear understanding of his place in a nation at war. Although production is pushed up more slowly, it can be kept there more consistently and with less danger of bad after-effects.

At the present time many methods are being used in England to build worker morale which could be adapted successfully in American war plants. Informal talks by men back from active duty direct to the workers are more effective than management tours by ordnance and procurement officials. Groups of workers are also sent to visit Fighter-Trainer stations of the R.A.F. as a reward for outstanding work, and they bring back first-hand information about the base and the produce they are making. Broadcast programs of dramatic recordings by pilots telling their experiences, held in the plant during lunch periods, receive favorable response. England has found that the right poster, in the right place, at the right time, has definitely produced results. Production charts have also brought many outstanding results. As a part of the educational program special traveling exhibits have been set up in trailers by various governmental agencies. The plant bulletin board due to shortage of paper has been used to publish a plant newspaper or house organ. Also news of social events and photographs are posted. Films are used extensively in the plants, and it has been proved that music in the plants has increased production.

According to England's experience we have some lessons to learn. We must abandon the constant straining for new competitive incentive schemes which often defeat their own purposes. In other words, war production can't be blitzed! However, England has proved that war industry, government, and military officials working together on a sound educational program can increase per-worker production.

*Condensed by Mrs. Viola March of R. & A. Division. From *Textile World*, March 1943 issue.

Help From Prisoners

BY M. R. DUNNAGAN, U. S. E. S. INFORMATIONAL SERVICE REPRESENTATIVE

North Carolina's released prisoners are going into war work.

Although prisoners released from State's Prison and its prison farms and local prison camps have violated the state's laws and are completing their debt to society, many of them are reentering private life to make definite and valuable contributions to the war cause.

A plan of operation worked out in recent weeks by officials of the Prison Department of the State Highway and Public Works Commission, the State Parole Commission and the United States Employment Service for North Carolina provides for a steady flow of released prisoners into war production and construction work.

This is a two-fold program. In addition to providing workers in production and construction vitally needed in the war effort, it has in it all of the elements of rehabilitating the released prisoners and returning them to a normal and fruitful place in community life.

Records show that in normal times about 1900 prisoners are released from the state prisons and the 60 local prison camps each month. This number is probably much lower now. Many of the releases are of prisoners serving short sentences, 30 to 60 days, and little time is thus provided for handling their cases. However, enough are longer-term prisoners to make the program very valuable in providing a source of vitally needed labor in this time of definite labor shortage.

Many skills, urgently needed in war production, are developed in the State's prison system. In Central Prison, for example, are a machine shop with a capacity of about 40 workers; a maintenance department with a staff of about 25 workers, including plumbers, steamfitters, pipefitters, electricians and other types of skilled workers; a print shop, a sheet-metal shop, a tile plant and other activities closely related to the war program.

In the 60 prison camps in N.C. are many men who operate heavy road construction and maintenance machinery. Thus they are in the skilled classes, while others are trained and reach varying degrees of skills in affiliated operations and tasks.

Since North Carolina is still predominantly an agricultural state, the prison farms in the state penal system are also valuable adjuncts in the agricultural training program. Many of the prisoners are of rural origin, with previous farm experience, and continue farm work while in prison. This experience fits them admirably to take places on farms and aid in the vital "Food for Victory" program.

An adjunct to this training on the job is the program of training inaugurated under the State College Extension Service, Raleigh, by the Division of Vocational Education of the State Department of Public Instruction for inmates of the State's Central Prison. Although in its experimental stage, this program is giving evidence of becoming a very important aid to the war effort.

Under it, certain prisoners are selected, with special care as to their backgrounds, the seriousness of their crimes, their prison records and their general attitudes, to take courses in welding at State College. Their acceptance of the proposed training opportunity is voluntary, but certain valuable inducements are held out to them if they complete the course satisfactorily. The United States Employment Service seeks to place them in essential war jobs. If they are placed, then the Parole Commission, on the basis of their records, releases them, unconditionally if their terms are six months or less; on parole if they have more than six months to serve.

This welding course was started early in the year, operating eight hours a day and five days in the week. It is divided into two sections, each of which can accommodate 12 trainees. The course lasts six or seven weeks, giving the members from 240 to 280 hours of training, which is sufficient to insure them jobs in most plants needing welders.

During the time since the course was started 30 trainees have completed the course and all have been placed in remunerative jobs. Four have been placed in Raleigh, 14 in Wilmington, 8 in Baltimore and 4 in Florida. Naturally, the Employment Service is very careful in its placements of these men. Some should not be returned to their former communities, for obvious reasons.

Prospective employers are informed of their prison records, but they are advised not to inform any except those who should know. When possible, employers or their representatives interview the prisoners at the prison before finally employing them. The Prison Department, for its part, delivers the released prisoners to any employer within the state, but cannot release the men outside the state.

While the Employment Service and the Prison Department have been working closely in dealing with released prisoners for some years, the present plan has just been reduced to writing. Conferences were held earlier in the year with J. Loy Sox, educational director, and J. M. Neese, director of classifications, of the Prison Department, by Joseph W. Beach, clearance supervisor of the Employment Service. In turn, they conferred with William Dunn, Jr., of the Parole Commission. Higher up, the plan was approved by Director Oscar Pitts, Prison Department; Hathaway Cross, Commissioner of Paroles, and Mrs. Gertrude K. Clinton, director of the United States Employment Service for North Carolina.

The educational director makes surveys and keeps current information on all honor-grade prisoners in Central Prison, on the prison farms and in the local prison camps, as to their classifications as skilled, semi-skilled or unskilled. Their records are checked

*Based on a report by J. W. Beach, State Clearance Supervisor, and A. F. Henderson, Interviewer, U. S. E. S. for N. C.

with the superintendent and by the educational director and, if conditions permit, the records are submitted to the Parole Commission, which disposes of each case on the basis of the records and background.

As far in advance of parole as possible, a list of those prisoners who will be paroled is submitted to the state office of the Employment Service, with as much information on training and experience as is available. Local Employment Service offices in areas of the prisons or camps are notified and checked further with the prisoners. Then they develop job opportunities in their areas, and interview prospective employers. Reluctance of employers to hire former prisoners is diminishing as the labor market tightens and more and more workers are demanded.

Conditions in North Carolina lend themselves readily to the employment of former prisoners in three fields: Agriculture, lumbering and construction, in all of which a decided shortage exists now and is becoming more critical daily.

Since many of the prisoners have farm backgrounds or have been employed on one of the state's prison farms, they can step out of prison into jobs on the farms which are pleading for labor.

North Carolina, under normal conditions, is probably the largest lumber producing state in the Southeast. Many sawmill and logging units are now operating with reduced staffs and need any workers available, in order to produce the lumber required for war commodities.

Although North Carolina is not producing war goods extensively, except in the case of textiles, this state has had some very large construction jobs and others are just getting under way. Even though the new contracts are on the decline, many more workers than are now available can be used during the coming months.

Honor grade prisoners are thus given opportunity to secure their freedom up to six months earlier than they would normally. This possibility contributes to rehabilitation and morale, while industries and activities in urgent need of workers are enabled to tap another, even if a small, supply of labor.

Although this plan refers primarily to honor prisoners eligible for consideration for parole or pardon, it also applies to the much larger group of prisoners who are released upon completing their sentences.

POST-WAR HOUSING TO AID EMPLOYMENT

Declaring that a large scale post-war housing program would be "an important instrument for attaining full employment and full production after the war," National Housing Administrator Blandford told a group of housing officials that such a program will not materialize unless all groups concerned with housing begin realistic planning now. An annual volume of a million to a million and a half new homes a year would provide direct or indirect employment for two to three million workers as well as an annual outlet for several billion dollars of investments. The N. H. A. head added that such a program could be an "important instrument for attaining full employment and full production after the war."

HAVE YOU SEEN:

Report of the Commission on Post-War Training and Adjustment; A Statement of Principles Relating to the Educational Problems of Returning Soldiers, Sailors, and Displaced War Industry Workers (Institute of Adult Education, Teachers College, Columbia University, New York, 1942. 54 pp.) Three chief groups need attention—the war-disabled, demobilized men and women in normal physical condition, and displaced war-industry workers. A fourth group, youth just entering the labor market, will also need help; likewise will the Negro, the largest minority bloc in our population, and other minority groups. The Commission emphasizes its belief in a decentralized administrative system, federally financer, and recommends the use of state machinery to channel the flow of funds and regularize procedure.

Agenda for a Post-War World, by J. B. Condliffe (W. W. Norton & Co., Inc., 1942. 232 pp.) Chapter Headings: A Democratic Peace; Stages of Reorganization; Political Basis of Economic Cooperation; Meaning of Social Security; Disposal of Agricultural Surpluses; Debt Dilemma of Commercial Policy; Long-Run Objectives; and Illusion and Reality. Behind the demand for social security that accompanies every important announcement made today regarding peace aims lies a vivid memory of the failure to achieve economic adjustment and stability between 1918 and 1939. A vast and complex series of economic maladjustments and disequilibria had developed within each country and many different counties; each national economic system had developed independently . . . At the close of this war, there will again be profound maladjustments and disequilibria, both national and international . . . A possible and even promising line of approach (to a solution to the problem) may be summarized as an attempt to utilize national monetary and fiscal policies to sustain employment, while achieving progressive correction of price-cost maladjustments through encouragement of new employment opportunities.

Internal Migration and the War, by Henry S. Shryock, Jr. (Journal of the American Statistical Association, Volume 38, Number 221, March 1943, pp. 16-30). During the past few years, workers and their families have migrated in such large numbers to centers of war production that serious problems of housing, transportation, health, and education have been created. Separate consideration of internal migration as one of the components should afford a better understanding of these problems. Available data limit the consideration mainly to net migration for states and an approximation of net migration for counties . . . The shifts in populations since 1940 cannot be described simply as rural-to-urban migration, since almost one-third of the metropolitan counties lost civilian population. It appears rather that movements were primarily to industrial areas active in war production or to scattered rural counties containing army camps or newly erected war plants. According to WPA sur-

(Continued on Page 127)

Manning Tables and Replacement Schedules

BY BLANCHE LANCASTER, OCCUPATIONAL ANALYST, USES FOR NORTH CAROLINA

MANNING TABLES

A Manning Table, as the name implies, is an orderly system for recording and supplying manpower. Since the War Manpower Commission has been charged with the responsibility for determining the proper balance between military and essential civilian activities, it has called upon employers to furnish it with complete plant personnel analyses. It proposes to "leave in industry the irreplaceable worker and to allow employers time to procure and train replacements for those who are taken into the armed forces."

The employers have been called upon to furnish the exact number of workers in their industries, listed according to the kinds of work done and the time required to train a worker for each job. The manning table gives the number of workers employed on each job, shown by age, sex, marital status, and whether jobs are suitable for women or handicapped workers, or whether jobs can be filled by transfer, upgrading or job breakdown within the plant. (For purposes of the manning table, the suitability of jobs for women is based on the physical strength required—limited to lifting not over 35 pounds, not requiring sustained physical effort, continuous lifting, pushing, pulling, crawling, stooping, or kneeling.)

This orderly listing of jobs in the form of a manning table, not only furnishes the War Manpower Commission with information, but also gives an employer a blueprint of his own organization. By such an orderly inventory of workers, management can determine how efficiently a plant is utilizing its working force and how adequate are its programs for training, upgrading, and promoting employees. This inventory will provide each employer, in many cases for the first time, complete information about the personnel in his plant.

All employers "whose plants are engaged in at least 75 per cent war production or who are performing some essential service such as are the public utilities, the railroad, etc."—are privileged to participate.

The Manning Table Form, Schedules A and B are given below.

MANNING TABLE—SCHEDULE A

Line No.	OCCUPATIONAL IDENTIFICATION DATA			Minimum Training Time ( )	PRESENT NUMBER EMPLOYED				
	PLANT JOB TITLE	OCCUPATIONAL DICTIONARY JOB TITLE	Dictionary & Plant Code		WHITE		OTHER		Total
					Male	Female	Male	Female	
	1	2	3	4	5	6	7	8	9
	PRODUCTION LATHE DEPARTMENT								
1	Foreman	Foreman II	5-92.768	5000	2 1 0	0	0	0	3
2	Lathe Hand (1st class)	Engine Lathe Operator I	4-78.011	2400	15 7 0	S	0	0	22
3	Lathe Hand (2nd class)	Engine Lathe Operator II	6-78.011	600	46 20 0	S	0	0	66
4	Drill Press Operator	Sensitive-Feed Drill Press Operator	6-78.083	400	1 0 0	1 0 0	1 0 0	0	3
5	Saw Operator	Band-Sawing Machine Operator	6-78.611	200	2 0 0	S	0	0	2

MANNING TABLE—SCHEDULE B

Line Number	PERCENTAGE		Job Filled by Handicapped Workers	Job to be Re-engineered (Job Breakdown)	ADDITIONAL FUTURE LABOR NEEDS												
					SUPPLIED FROM WITHIN PLANT		RECRUITED FROM OUTSIDE PLANT										
							Monthly Requirements					Maximum Needs		Minimum Experience Reluired			
	By Dept.	By Plant			Upgraded	Transferred	Current Month	2nd Month	3rd & 4th Months	5th & 6th Months	Total 6 Months	Number	Date	Same Experience	Related Experience	Vocational Trainees	Inexperienced
	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26
1	3.1	1.3	0	0	1	0	0	0	0	0	0	0	7-43	0	0	0	0
2	22.9	9.2	0	X	8	0	0	5	3	0	8	8	7-43	1	7	0	0
3	68.8	27.5	0	0	7	0	3	15	10	0	28	49	7-43	0	0	28	0
4	3.1	1.3	X	0	0	0	1	0	0	1	2	3	7-43	0	0	1	1
5	2.1	0.8	0	0	0	0	0	0	0	0	0	1	7-43	0	0	0	0

Detailed instructions for preparing these tables can be obtained by writing to the Regional Director of the War Manpower Commission. Employers in North Carolina will write to: Regional Director, War Manpower Commission, Room 405, Arlington Hotel Building, 1025 Vermont Avenue, N. W., Washington, D. C.

The responsibility for the preparation of the manning table rests with the employer, since its preparation is primarily for the employer's benefit. The United States Employment Service is authorized to give assistance, chiefly in converting lay job titles to the standard titles of the Dictionary of Occupational Titles. If these jobs are not converted to standard titles, complete job descriptions must be prepared for each job.

Employers desiring assistance should call upon their local Employment offices (or consult their nearest area or regional War Manpower Commission Office.)

REPLACEMENT SCHEDULES

Manning Tables are not to be confused with Selective Service replacement schedules which are ordinarily based upon data from the manning table. A replacement schedule may be prepared without a manning table to serve as an immediate basis for scheduling men for induction by the Selective Service Boards. These schedules are made every six months and an employer may be required to complete a manning table before his second replacement schedule is accepted by the Selective Service Board.

A replacement schedule consists of two parts: A replacement summary and a replacement schedule.

The replacement summary lists all jobs by plant departments, the order of listing conforming to the manning table, if one is prepared. Opposite each job the employer will list under the following headings the total numbers of workers engaged:

(a) Number of women
(b) Number of men not to be considered for replacement
  (1) Men with minor children
  (2) Physically unfit
  (3) Over thirty-eight
  (4) Under eighteen
(c) Number of men to be considered for replacement
  (1) Single men
  (2) Married men without children

The replacement list will carry the names of only those men under the heading "Number of men to be considered for replacement," which will be only single men and married men without children who are within the age groups liable, or who will become liable within the next six months. Others may be listed as the Selective Service orders.

These names are to be listed in each department or operating unit in the order in which they are to be replaced—those who are to be replaced in the first month, listed first, etc., according to the training time required to replace them and their order numbers as given them by Selective Service. After these schedules are accepted by the State Director of Selective Service, they are used by the local boards in cooperation with the War Manpower Commission in facilitating an orderly transfer of manpower from civilian to military activity.

Details of the replacement schedule plan may be obtained by writing to the State Director of the Selective Service System, Raleigh, North Carolina.

Some comments from large employers indicate that the plan of using manning tables and replacement schedules is working very effectively. One company states that it "had to deal with three or four hundred Selective Service Boards and where it had to make blind guesses on possible inductions before, it now knows how many men are scheduled for replacement at any given time and can make definite recruitment plans."

Another states, "For the first time since we have been in operation, we actually know just what our personnel and job picture is and have a good idea where corrections can be made to get fuller utilization of manpower and equipment."

ANNOUNCEMENT

Every worker should fully understand the requirements of the War Manpower Commission's Employment Stabilization Plan. Here is one important rule to remember: All in-migrant workers those who move from one locality to another for new work, cannot and will not be employed in any new job, whether essential or not, *unless* they carry the proper *referral card* from the United States Employment Service office in the city in which they are currently or were most recently employed. Any worker who goes to another locality for employment and who does not have such a referral card, will probably be required to return to the U. S. Employment office in the city in which he was last employed for the necessary information. Remember, if you plan to change jobs, always consult the U. S. Employment Service for advice before you make *any* move.

HAVE YOU SEEN?

(Continued from Page 125)

veys of migrants into about 50 cities of 25,000 or more inhabitants during a period of roughly one year, beginning October 1940, the migrant workers were characteristically young persons; in nearly half the cities the average age of all migrant workers was less than 30 years and in no city does it rise as high as 35 years. White males seemed to have formed a larger proportion of the migrant workers to defense centers than would be expected on the basis of their proportion in the labor force. In most areas fewer than 5 percent of the migrants are Negroes, and, even in the South, migration rates for Negroes are much lower than for whites. This condition contrasts sharply with experience in World War I, when a large scale migration of Negroes to northern industrial centers took place.

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North Carolina Employment Security Information, Volume I, Numbers 1-12, 1941. (Discontinued.)

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CIRCULARS AND FOLDERS:

Benefit Payments for Partial Unemployment.

Employer Experience Rating in North Carolina.

Information for Workers about Unemployment Compensation.

Social Security in North Carolina (Annually prepared schedule of various services and payments).

Compilation of Social Security Laws in North Carolina (mimeographed).

Employment Security Figures for North Carolina by Counties, January, 1937 through June, 1941 (mimeographed).

Funds Distributed in North Carolina by Counties through Eight of the Ten Divisions Under the Social Security Act (mimeographed).

POSTERS:

Employer's Certificate of Coverage and Notice to Workers.

Notice to Workers—Partial Benefits.

STATISTICAL REPORTS:

(Current series, mimeographed.)

Business Activity in North Carolina as Reflected by Movements in Selected Indicators—Current Trends (monthly).

Number and Amount of Benefit Payments, by Office (monthly).

Summary of Claims Activity (monthly).

Summary of Local Office Operations (monthly).

Weekly Summary of Initial and Continued Claims Taken, Benefit Checks Distributed and Placements Made, by Office.

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THE U.C.C. QUARTERLY

VOLUME I, NO. 4 SUMMER, 1943

Launching a Liberty Ship at Wilmington

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Regular Contributions in each issue from the

UNITED STATES EMPLOYMENT SERVICE FOR NORTH CAROLINA

MRS. GERTRUDE K. CLINTON . . . . . *Director*

Cover illustrations represent typical North Carolina industries under the unemployment compensation program. *Cover for Summer 1943—The Launching of a Liberty Ship at Wilmington.* Photograph by courtesy of the North Carolina Shipbuilding Company, shows the launching of the U. S. Nathaniel Greene, one of the first of the company's Liberty Ships to slide down the ways. Shipbuilding has now become one of the state's leading industries, and this yard is ranked as one of the two most efficient producers of Liberty freighters in the country.

Sent free and upon request to responsible individuals, agencies, organizations and libraries. Address: U. C. C. Informational Service, Raleigh, N. C.

CONTENTS

	Page
Launchings	98
Why Should the Social Security Program Be Expanded Now?	99
Social Insurance—The Beveridge Plan	100
Shipbuilding—The State's New Leading Industry	105
Strategic Spodumene Developed	107
Notes on U. C. C. Operations	108
Keeping Accounts for More Than a Million Workers	
Present Claim Loads Unusually Light	
Tax Reductions for North Carolina Employers	
Few Violators of U. C. C. Law Escape	
Largest Fund Receipts From Five Counties	
U. C. C. Makes Refund	
Outlook for Post-War Unemployment in N. C.—Big Drain on Fund	
Benefits To Be Restricted For Seasonal Workers	
Commission's Policy With Respect to Referring Partially Unemployed Claimants to Full-Time Work	
Employment Service Offices for North Carolina	114
The Plan for Labor	115
What Are Essential Jobs? By B. C. McCracken	116
Whan Can Women Do?	118
Extended School Services For The Children of Mothers Engaged in War Work	119
Labor Reserves—A Message to the Resourceful Employer, By Mrs. Anne T. Freeman	122
Help From Prisoners, By M. R. Dunnagan	124
Manning Tables and Replacement Schedules, By Blanche Lancaster	126

LAUNCHINGS

(From *Ships*)

No more dramatic spectacle exists than the launching of a great ship; it is an event filled with color, excitement, and suspense. Few modern rites, aside from those of a religious origin, have a background of 4,000 years—yet the ceremony of launching a ship reaches that far back into recorded history.

Human sacrifice, the spilling of blood, incantations by high priests, undoubtedly marked the first launching ceremonies. The gods, it was hoped, would be propitiated by such rites. Later the Romans and Greeks used water as a token of purification in the impressive priestly blessing of the ship, its officers, crew members, passengers, and cargo. In the Middle Ages, religious shrines were placed aboard ship and effigies were carved on the figureheads and the ceremonies became entirely religious in character.

In Tudor days, the launching ceremony took place after the ship was in the water. A King's lieutenant would then appear, announced by a fitting fanfare of trumpets. With great and solemn dignity he was escorted to the vessel, seated in an ornate chair on the poop and presented with a goblet made of precious metal and filled with red wine. The official would sip critically of the wine, politely speak the name of the new ship, wishing her good luck and godspeed. Then he would spill a little of the red wine on the freshly scoured deck, marking precisely the four points of the compass. He would then drink to the King's health. He next would dramatically toss the goblet over the side and leave the ship.

Red wine was long identified with ship launchings. At first the wine was not spilled on the vessel but lifted in a good-luck toast as the ship slid down the ways. When champagne became widely known, it was substituted for wine, since it was more costly, and, therefore, held in high esteem.

It's a five-hour job fully to dress a champagne bottle that is going to attend a launching. The bottle is fitted with a "tuxedo," which consists of a 1-16 inch flexible mesh holding jacket; this prevents the glass from flying in the face of the fair feminine sponsor and the spectators. In addition the bottle is securely fastened to a double, 60-foot red, white, and blue bunting of grosgrain cloth, now getting more difficult to secure. While the champagne is splashed on the ship's prow, the dressed bottle is saved and presented to the sponsor.

Soon after the United States entered the war, the government ordered that there should be no more launching ceremonies when ships built to further the war effort hit the water. Since then, however, the order has been modified. Men who have built the ships feel that it is fitting that some formal ceremony mark a launching. Today's launching ceremonies are brief but impressive. While their frequency is on the increase, a launching always remains a thrilling and inspiring sight.

AVERAGE NUMBER DAYS FROM LAUNCHING TO DELIVERY OF VESSELS DELIVERED DURING MARCH, 1943

North Carolina	7.5 Days
Oregon	9.3 Days
Richmond No. 2	11.3 Days
Richmond No. 1	12.9 Days
Houston	14.4 Days
Bethlehem-Fairfield	15.6 Days
California	16.3 Days
South Portland	17.0 Days
Kaiser-Vancouver	20.0 Days
Delta	20.6 Days

MEMORY CHAIRMAN OF MERIT SYSTEM COUNCIL

Professor J. L. Memory, of Wake Forest College, has been appointed chairman of the State Merit System Council, succeeding Col. John W. Harrelson, who is now in active Army service. Professor Memory was already a member of the six-man board. James B. Boyce, of Warrenton, was appointed to fill the vacancy. His term expires April 8, 1945. Dr. Paul McCain, of the State Sanatorium, was reappointed for a term ending April 8, 1949.

FROM WAR TO WORK

The May 1943 issue of the SURVEY GRAPHIC is a special number containing a symposium on the subject of "From War to Work—How to Get Full Employment and Keep It Going." Don't miss it! The various articles by national leaders and authorities are most timely, and decidedly thought-provoking. Post-war job security, and the issues to be considered in drawing our plans to get the results we want, is the keynote of the issue.

Titles include the following: *Man is a Working Animal; O'Day and the Change Over; Earn, Spend, and Develop More Work; So the Willing Shall Not Want; Looking Ahead; Labor and Employment Planning; Employment and Private Industry; The Expectation of the Land; Women and Their Jobs; Where's the Money Coming From?; The Backlog of Social Security; Connecting Men and Jobs; Four Outlets for Investment; A World Worth Fighting For; Down Under—And Up; New Frontiers Abroad; World Cooperation Begins at Home.*

"E" AWARD WINNER

Revolution, White Oak, Proximiity, and Proximity Print Works mills in the Greensboro area have been given the Army-Navy "E" Award for excellence in war production.

WHY SHOULD THE SOCIAL SECURITY PROGRAM BE EXPANDED NOW?

Proponents of expansion now argue from two viewpoints. The first is social, the second, economic.

They hold it important to the morale of our fighters and workers that we not only maintain essential civilian services during war but expand those that implement our war aims.

"In a true sense," President Roosevelt said in his 1942 Budget Message, "there are no longer nondefense expenditures. It is a part of our war effort to maintain civilian services which are essential to the basic needs of human life."

One of the United Nations' war aims, as voiced in the Fifth Plank of the Atlantic Charter (August 1941) is "to bring about the fullest collaboration between all nations in the economic field with the object of securing for all improved labor standards, economic advancement and social security."

President William Green of the A. F. of L. urges immediate expansion of social security with these words: (December 1942)

"Great sacrifices can be made for the sake of great social gains. Our sacrifices will be more willingly and freely made if the people can see their sacrifices not only serving the urgent needs of war but guaranteeing greater social security after the peace. For this reason the Toronto convention of the American Federation of Labor made the enactment of a broad, adequate, national social security system our paramount legislative objective."

President Philip Murray of the C. I. O., (October 1, 1942), in a letter to Senator Wagner wrote:

"Social security is the one field where we should bend every effort toward extending and broadening the benefits which the workers would enjoy under such a program. This is an essential part of the war program."

That this feeling is general is shown by movements throughout the free nations for more adequate social security—Britain (The Beveridge Report reaction and plans); Mexico (new "cradle-to-the-grave" social security act); plans in Canada, Australia, New Zealand, Central and South American republics.

Chairman Arthur J. Altmeyer adds another argument for action now. This is, that now Congress can plan a better system in an atmosphere of relative calm deliberation, whereas after the war problems of peace, demobilization, reconstruction and unemployment will make careful planning difficult if not impossible.

U. S. TOTALS

Benefits.—The Social Security Board reports a continuous downward trend in unemployment compensation benefit payments from January through April for the whole country. Disbursements totaled only $7.4 million in April, 31 percent below the previous month's total.

Beneficiaries.—The average weekly number of beneficiaries dropped 27.7 percent to a new low of 131,213 during April, marking the fourth successive month in which the average has declined.

Social Insurance—The Beveridge Plan

Many people these days are thinking, and some of them are writing, on the subject of post-war planning. There are few who fail to include in their consideration mention of social security as one of the prime post-war aims—an embracing form of social security designed to minimize if not remove the common hazards to humanity among a nation's people—hazards that are inherent in the circumstances surrounding old age, earning power and employment, health, and family welfare.

The general kinship of democratic governments whether united in war or in peace, gives mutual interest to the social controls of each. Consequently, the Report by Sir William Henry Beveridge, K. C. B., entitled "Social Insurance and Allied Services," which was submitted to Parliament in November 1943 (Cmd. 6404), has been an object of study by many groups in the United States. The Beveridge Report is of course related to a present system of social security which in many respects is not a close parallel to that in operation in this country, and its budgetary estimates are reckoned in pounds and shillings. However, the broad general principles on which it is based deserve our profoundest attention.

The Report is the result of a survey conducted by the Inter-departmental Committee on Social Insurance and Allied Services appointed in June 1941 expressly "to undertake, with special reference to the inter-relation of the schemes, a survey of the existing national schemes of social insurance and allied services, including workmen's compensation and to make recommendations," submitted by its Chairman, Sir William Beveridge, on his own responsibility.

Leaving to others debate on the merits of the Beveridge proposals, let us briefly analyze and study the contents of the Report as presented to Parliament. This is best done by using, for the most part, the words of the Report itself as set forth in the introduction and summaries.

THE REPORT

The Plan for social security takes as its aim the abolition of want after this war, making want under any circumstances unnecessary. It includes as its main method compulsory social insurance, with national assistance and voluntary insurance as subsidiary methods, from the main conclusion to be drawn from the survey: abolition of want requires a double re-distribution of income, through social insurance and by family needs.

In proceeding from the comprehensive survey of existing social insurance to the task of making recommendations, the Report lays down three guiding principles:

1. The first principle is that any proposals for the future, while they should use to the full the experience gathered in the past, should not be restricted by consideration of sectional interests established in the obtaining of that experience. Now, when the war is abolishing landmarks of every kind, is the opportunity for using experience in a clear field. A revolutionary moment in the world's history is a time for revolutions, not for patching.
2. The second principle is that organization of social insurance should be treated as one part only of a comprehensive policy of social progress. Social insurance fully developed may provide income security; it is an attack upon Want. But Want is one only of five giants on the road of reconstruction and in some ways the easiest to attack. The others are Disease, Ignorance, Squalor, and Idleness.
3. The third principle is that social security must be achieved by cooperation between the State and the individual. The State should offer security for service and contribution. The State in organizing security should not stifle incentive, opportunity, responsibility; in establishing a national minimum, it should leave room and encouragement for voluntary action by each individual to provide more than that minimum for himself and his family.

The Plan built on these principles is first and foremost a plan of insurance—of giving in return for contributions benefits up to subsistence level, as of right and without means test, so that individuals may build freely upon it. The Committee found from its examination of all surveys and of existing conditions and services that want was due primarily to interruption or loss of earning power, and secondly to failure to relate income during earning to the size of the family. Abolition of want, the aim of the plan for social security, requires a double redistribution of income, through social insurance and by family needs, that is first, improvement of State insurance so that subsistence might be guaranteed to all, and second, adjustment of incomes to family needs by making allowances for children. The Plan assumes also establishment of comprehensive health and rehabilitation services and maintenance of employment. These three assumptions fall partly within and partly without the Plan itself.

The Plan is based on a diagnosis of want. It starts from facts, from the condition of the people as revealed by social surveys, and it takes into account population trends as to birth and death rates. The provision to be made for old age represents the largest and most rapidly growing element in any social insurance scheme.

The main feature of the Plan for Social Security is a scheme of social insurance against interruption and destruction of earning power and for special expenditure arising at birth, marriage, or death. It embodies six fundamental principles: flat rate of subsistence benefit; flat rate of contribution; unification of administrative responsibility; adequacy of benefit; comprehensiveness; and classification.

The plan covers all citizens without upper income limit, but has regard to their different ways of life; it is a plan all-embracing in scope of persons and of needs, but is classified in application. For purposes of social security, the population would be divided into six groups as follows:

1. Employees, that is, persons whose normal occupation is employment under contract of service.
2. Others gainfully occupied, including employers, traders, and independent workers of all kinds.
3. Housewives, that is, married women of working age.
4. Others of working age not gainfully occupied.
5. Children below working age.
6. Those retired above working age.

The sixth of these classes will receive retirement pensions and the fifth will be covered by children's allowances, which will be paid from the National Exchequer in respect of all children when the responsible parent is in receipt of insurance benefit or pension, and in respect of all children except one in other cases. The four other classes will be insured for security appropriate to their circumstances. All classes will be covered for comprehensive medical treatment and rehabilitation and for funeral expenses.

Every person in Class I, II, or IV will pay a single security contribution by a stamp on a single insurance document each week or combination of weeks. In Class I the employer also will contribute, affixing the insurance stamp and deducting the employee's share from wages or salary. The contribution will differ from one class to another, according to the benefits provided, and will be higher for men than for women, so as to secure benefits for Class III.

Subject to simple contribution conditions, every person in Class I will receive benefit for unemployment and disability, pension on retirement, medical treatment and funeral expenses. Persons in Class II will receive all these except unemployment benefit and disability benefit during the first 13 weeks of disability. Persons in Class IV will receive all these except unemployment and disability benefit. As a substitute for unemployment benefit, training benefit will be available to persons in all classes other than Class I to assist them to find new livelihoods if their present ones fail. Maternity grant, provision for widowhood and separation and qualification for retirement pensions will be secured to all persons in Class III by virtue of their husbands' contributions; in addition to maternity grant, housewives who take paid work will receive maternity benefit for thirteen weeks to enable them to give up working before and after childbirth.

Unemployment benefit, disability benefit, basic retirement pension after a transition period, and training benefit will be at the same rate, irrespective of previous earnings. This rate will provide by itself the income necessary for subsistence in all normal cases. There will be a joint rate for a man and wife who is not gainfully occupied. Where there is no wife or she is gainfully occupied, there will be a lower single rate; where there is no wife but a dependent above the age for children's allowance, there will be a dependent allowance. Maternity benefit for housewives who work also for gain will be at a higher rate than the single rate in unemployment or disability, while their unemployment and disability benefit will be at a lower rate; there are special rates also for widowhood as described below. With these exceptions all rates of benefit will be the same for men and for women. Disability due to industrial accident or disease will be treated like all other disability for the first thirteen weeks, if disability continues thereafter, disability benefit at a flat rate will be replaced by an industrial pension related to the earnings of the individual subject to a minimum and a maximum.

Unemployment benefit will continue at the same rate without means test so long as unemployment lasts, but will normally be subject to a condition of attendance at a work or training center after a certain period. Disability benefit will continue at the same rate without means test, so long as disability lasts or till it is replaced by industrial pension, subject to acceptance of suitable medical treatment or vocational training.

Pensions (other than industrial) will be paid only on retirement from work. They may be claimed at any time after the minimum age of retirement, that is 65 for men and 60 for women. The rate of pension will be increased above the basic rate if retirement is postponed. Contributory pensions as of right will be raised to the full basic rate gradually during a transition period of twenty years, in which adequate pensions according to needs will be paid to all persons requiring them. The position of existing pensioners will be safeguarded.

While permanent pensions will no longer be granted to widows of working age without dependent children, there will be for all widows a temporary benefit at a higher rate than unemployment or disability benefit, followed by training benefit where necessary. For widows with the care of dependent children there will be guardian benefit, in addition to the children's allowance, adequate for subsistence without other means. The position of existing widows on pension will be safeguarded.

For the limited number of cases of need not covered by social insurance, national assistance subject to a uniform means test will be available.

Medical treatment covering all requirements will be provided for all citizens by a national health service organized under the health departments and post-medical rehabilitation treatment will be provided for all persons capable of profiting by it.

A Ministry of Social Security will be established, responsible for social insurance, national assistance and encouragement and supervision of voluntary insurance and will take over, so far as necessary for these purposes the present work of other Government Departments and of Local Authorities in these fields.

Every citizen of working age will contribute in his appropriate class according to the security that he needs, or as a married woman will have contributions made by the husband. Each will be covered for all his needs by a single weekly contribution on one insurance document. All the principal cash payments —for unemployment, disability, and retirement will continue so long as the need lasts, without means test, and will be paid from a Social Insurance Fund built up by contributions from the insured persons, from their employers, if any, and from the State. This is in accord with two views as to the lines on which income maintenance should be approached.

The first view is that benefit in return for contributions, rather than free allowances, is what the people desire, as shown both by the popularity of compulsory insurance, and by the phenomenal growth of voluntary insurance, as well as by the strong popular objection to any kind of means test.

The second view is that whatever money is required for insurance benefits should come from a fund to which the recipients have contributed. The plan adopted in regard to prolonged unemployment and sometimes suggested for prolonged disability, that the State should take this burden off insurance, in order to keep the contribution down, is wrong in principle. The insured persons should not feel that income for idleness, however caused, can come from a bottomless purse. The Government should not feel that by paying doles it can avoid the major responsibility of seeing that unemployment and disease are reduced to a minimum. The place for direct expenditure and organization by the State is in maintaining employment of the labor and other productive resources of the country, and in preventing and combating disease, not in patching an incomplete scheme of insurance.

The State cannot be excluded altogether from giving direct assistance to individuals in need in relation to means, since some, through physical infirmity, can never contribute at all and some will fall through the meshes of any insurance.

The scheme is described as a scheme of insurance, because it preserves the contributory principle. It is described as social insurance to mark important distinctions from voluntary insurance. While adjustment of premium to risk is of the essence of voluntary insurance, this adjustment is not essential in insurance which is made compulsory by the power of the state. And in providing for actuarial risks such as those of death, old age, or sickness, the state, with its power of compelling successive generations of citizens to become insured and its power of taxation, is not under the necessity of accumulating reserves.

In the thirty years since state insurance began in Britain, there has been an unmistakable movement of public opinion away from the principle of adjusting premiums to risks in compulsory insurance and in favor of pooling risks. This change has been most marked and more nearly complete in regard to unemployment, where, in the general scheme, insurance by industry, in place of covering a large part of the field, has been reduced to historical exceptions; today the common argument is that the volume of unemployment in an industry is not to any effective extent within its control; that all industries depend upon one another, and that those which are fortunate in being regular should share the cost of unemployment in those which are less regular. The same tendency of opinion in favor of pooling of social risks has shown itself in the views expressed by the great majority of witnesses to the Committee in regard to health insurance. After trial of a different principle, it has been found to accord best with the sentiments of the people that in insurance organized by the community by use of compulsory powers each individual should stand in on the same terms; none should claim to pay less because he is healthier or has more regular employment. Hence the term "social insurance" to describe the proposals of the Report, implies both that it is compulsory and that men stand together with their fellows.

With regard to rates of benefit and contribution, the Beveridge Report states that social insurance should aim at guaranteeing the minimum income needed for subsistence, but that actual rates in terms of money cannot be settled now for the reason that it is impossible today to forecast the level of prices after the war and that determination of what is required for reasonable human subsistence is to some extent a matter of judgment—estimates on this point change with time and generally, in a progressive community, change upwards. Provisional rates and provisional budgets are, however, set out in the Report in detail. The procedure adopted in arriving at the provisional rates was first a determination as to weekly incomes which would have been sufficient for subsistence in normal cases at prices ruling in 1938; and deriving from them an appropriate cost of living about 25% above that of 1938. But the provisional rates themselves are not essential, since the whole level could be raised, though less easily lowered, without affecting the structure of the scheme.

The most important of the provisional rates is that of 40/ (about $8.00) a week for a man and wife in unemployment and disability and after the transition period as retirement pension, in addition to allowances for children at an average of 8/ (about $1.60) apiece per week. Such amounts represent a large addition to existing benefits.

Altogether the financing of the Beveridge Plan would require increased contributions from all sources. The relationship of these under the existing system and under the proposed plan, including not only the insurance benefits, but also health services, national assistance, and children's allowance, is most readily understood from the following table:

SOCIAL SECURITY BUDGET—COMPARATIVE ESTIMATED INCOME REQUIRED FOR EXPENDITURES

	Under Present System		Under Beveridge Social Security Plan					
			1945		1955		1965	
	£ Mills	% of Total	£ Mills	% of Total	£ Mills	% of Total	£ Mills	% of Total
Contributions from Insured Persons	69	16	194	28	196	25	192	22
Employers, including Industrial Disability levy on employers	83	19	137	20	135	18	132	15
Interest on existing funds	15	4	15	2	15	2	15	2
Balance to be met from Exchequer	265	61	351	50	418	55	519	60
Total	432	100	697	100	764	100	858	100

It is seen at once that the most important source of income to meet expenditures under the Plan is the contributions from the insured persons themselves —chiefly from adult men in employment. The balance would be provided by the employers' contributions and by taxation based on capacity to pay.

The attempt to fix rates of insurance benefit and pension on a scientific basis with regard to subsistence needs encountered a serious difficulty in the widely varying scales of rent in different parts of the country. The Report devotes a whole section to a discussion of the rent problem. But subject to such problems and unavoidable difficulties, the scheme for social insurance outlined in the Report is

designed to provide insurance benefit adequate to all normal needs, both in duration and in amount. "It is at the same time a scheme from which the anomalies and overlapping, the multiplicity of agencies and the needless administrative cost which mark the British Social Services today, have been removed and have been replaced by coordination, simplicity, and economy."

In place of the present system of social security in Great Britain, which consists of the following:

A. A national system of unemployment insurance administered by the Ministry of Labor.

B. A health insurance plan with medical services limited to the wage earner and limited to the medical services of the general practitioner, administered by the Ministry of Health through Approved Societies with respect to cash benefits and County Insurance Committees for medical benefits.

C. Old-age, widows and orphans insurance administered by the Ministry of Health with payments made through the Post Office.

D. Non-contributory old-age and blind pensions, administered by the Commissioners of Customs and Excise through the Post Office.

E. National assistance to needy individuals, administered by the Commissioners of Customs and Excise through the Post Office.

F. Workmen's accident compensation, administered by the Home Office.

Report recommends the following specific changes:

1. Unification of social insurance contributions by enabling each insured person to obtain all benefits by a single weekly contribution.
2. Unification of social insurance and assistance by establishing a Ministry of Social Security with local offices within reach of all persons.
3. Reorganization of the present system of Approved Societies (which provide cash sickness benefits) by limiting such societies to disbursing cash benefits as the agent of the Ministry of Social Security and to providing voluntary insurances to supplement the social security benefits.
4. Reorganization of the present system of workmen's accident compensation by including it in the unified social insurance system.
5. Establishment of a comprehensive medical care service for every citizen.
6. Provision to all women of a marriage grant ($40), maternity grant ($16), widows benefit ($7.20 week for first 13 weeks, and $4.80 week thereafter if the widow has a child in her care), retirement benefit ($2.80 week if single), unemployment or disability benefit ($3.20 week), and if gainfully occupied, a special maternity benefit ($7.20 per week for 13 weeks in addition to the maternity grant).
7. Extension of insurance against prolonged disability to all persons gainfully occupied and of insurance for retirement pensions to all persons of working age, whether gainfully occupied or not.
8. Provision for an unemployment training benefit to all persons (workers, self-employed, housewives) for 26 weeks in order to encourage persons who lost their former livelihood to obtain reemployment.
9. Provision for uniformity of weekly benefit payments for unemployment, disability, and retirement.
10. Provision for making a uniform waiting period for unemployment and disability of three days, which will be compensated for if unemployment or disability lasts 4 weeks or longer.
11. Simplification and unification of the eligibility conditions for social security benefits.
12. Making unemployment insurance benefits payable at $8 week for a man and wife, or $4.80 for a single man or woman, for an unlimited period, subject to the requirement of attendance at a work or training center after a limited period of unemployment.
13. Making the disability benefit payable (at the same rate as unemployment insurance) for an unlimited period.
14. Making old-age benefits conditional on retirement from work at a basic rate of $5 a week for man and wife (increasing every two years until it reaches $8 by 1965), and $2.80 a week for a single individual reaching $4.80 by 1965), these basic rates to be supplemented by 20 cents a year for each year an individual postpones his retirement after age 65 for men and 60 for women.
15. Amalgamation of the special unemployment insurance systems for agriculture, banking, and insurance within the general scheme of social insurance.
16. Abolition of the present exemptions from insurance such as public employees, and persons with incomes over $1680 a year.
17. Replacement of unconditional inadequate widows benefits by provisions suited to the varied needs of widows, including temporary widows' benefits, training benefit when required, and a guardian benefit so long as there are dependent children.
18. Inclusion of a universal funeral grant in compulsory insurance of $80 for an adult, $60 for persons age 10-20; $40 for children age 3-9, and $24 for children under age 3.
19. Transfer to the Ministry of Social Security of the remaining functions of Local Authorities with respect to public assistance, other than treatment and services of an institutional character.
20. Transfer to the Ministry of Social Security of responsibility for the maintenance of blind persons.
21. Transfer to the Ministry of Social Security all functions of collecting contributions and the payment of benefits.
22. Substitution for the present Unemployment Insurance Statutory Committee of a Social Insurance Statutory Committee with similar but extended powers.
23. Conversion of the industrial (life and burial) insurance into a public service under an industrial Assurance Board.

The Report contains a full discussion of all its proposals, as well as of the underlying principles and assumptions. The burden of the last two sections of argument on abolition of want as a practical post-war aim and planning for peace in war may be stated briefly.

Abolition of want cannot be brought about merely by increasing production, without seeking to correct distribution of the product; but correct distribution does not mean what it has often been taken to mean in the past—distribution between the different agents in production, between land, capital, management, and labor. Better distribution of purchasing power is required among wage-earners themselves, as between times of earning and not earning, and between times of heavy family responsibilities and of light or no family responsibilities. Both actual insurance and children's allowances are primarily methods of redistributing wealth. Such better distribution cannot fail to add to welfare and, properly designed, it can increase wealth, by maintaining physical vigor. It does not decrease wealth, unless it involves waste in administration or reduces incentives to production. Unemployment and disability are already being paid for unconsciously; it is no addition to the burden on the community to provide for them consciously. Unified social insurance will eliminate a good deal of waste inherent in present methods. It need have no depressing effect on incentive.

In seeking security and in showing that it can be combined with freedom and enterprise and responsibility of the individual for his own life, the British

community and those who in other lands have inherited the British tradition have a vital service to render human progress.

Three facts are inalterable: that the purpose of victory is to live in a better world than the old world; that each individual citizen is more likely to concentrate upon his war effort if he feels that his Government will be ready in time with plans for that better world; that, if these plans are to be ready in time, they must be made now.

"Statement of a reconstruction policy by a nation at war is statement of the uses to which that nation means to put victory. In a war which many nations must wage together as whole-hearted allies, if they are to win victory, such a statement of the uses of victory may be vital. The proposals of this Report are designed as a practical contribution toward translating the words of the Atlantic Charter—"to bring about the fullest collaboration between all nations in the economic field, with the object of securing for all improved labor standards, economic advancement, and social security."—into deeds.

"If the united democracies today can show strength and courage and imagination equal to their manifest desire, can plan for a better peace even while waging total war, they will win together two victories which is truth are indivisible. [but] Freedom from want cannot be forced on a democracy or given to a democracy. It must be won by them."

THE AUTHOR

An examination of the 299 pages of the Beveridge Report is an experience in itself. One cannot read them without being tremendously impressed by the ability, the beliefs, and the personality of the author. One's admiration is immediately fired by the tangible expression of an unusually broad intelligence—the logical development of ideas shaped with a fine sense of organization. The force of mind and the idealism of the author are part and parcel of the fabric of the text, and one immediately wants to know more about him. What manner of man is this whom the British Government designated to draft a blueprint for reconstruction as chairman of its inter-departmental Committee on Social Insurance and Allied Services?

Who's Who reveals that he is both a lawyer and an economist, born in India, educated at Oxford, unmarried, and at the age of 40, in 1919, knighted by the Crown after distinguished public service as Secretary for the Food Ministry at the close of the last war. He has been Master of University College, Oxford, since 1937, following sixteen years as Director of the London School of Economics and Political Science. Versatility is apparent from two early years as leader writer for the Morning Post and such publications as an "Anthology of Thoughts on Women" and "Swish," a submarine game. But the record of his government assignments and writings is primarily evidence of a lifetime devoted to study and packed with administrative experience in the field of labor problems, unemployment, and social welfare. He was a Member of the Central (Unemployed) Body for London, 1905-8, First Chairman of the Employment Exchanges Committee in the Board of Trade, Director of Labor Exchanges, 1909-16, then Assistant Secretary of the Employment Department, General Secretary of the Ministry of Munitions, 1915-16, Second and later Permanent Secretary of the Ministry of Food, 1916-19, served on the Royal Commission on the Coal Industry in 1925, and has been Chairman of the Unemployment Insurance Statutory Committee since 1934. Beveridge books include "Unemployment: A problem of Industry" (1909), "The Public Service in War and in Peace" (1920), "Insurance for All" (1924), "British Food Control" (1929), "Causes and Cures of Unemployment" (1931), "Changes in Family Life" (1932), "Planning under Socialism" (1936), and (with others) "Prices and Wages in England" (1939).

A personal sidelight on Sir William and his convictions comes from Mr. Merton Emerson, our Social Security Referee for the states in Region IV, who was a passenger companion of Sir William's on an Atlantic crossing in 1929. According to Mr. Emerson, it was a rough, slow passage, but the author of the Beveridge Report was a good sailor and missed no meals. He was also a delightful companion and many "bull" sessions were held in the smoking saloon discussing the relative economic situations of Britain and America. He repeatedly stressed the point that wealth is created only by doing work—also that he felt that in America the working week is comparatively too short and wages too high—and that this disparity could not be sustained under world economic conditions. He made the particular point, as Mr. Emerson recalls, that America could not stand alone; and since it is more difficult from a practical viewpoint to bring the rest of the world up to America's standards, America was bound to revise hers to reach ultimate economic world stability.

SHIPYARDS REDUCE ACCIDENTS

The first quarter of this year has shown a decrease in the frequency of accidents in shipyards holding Maritime Commission contracts, according to a recent survey made by the Commission. Measured by the number of lost-time injuries per 500 men per year, the accident frequency rate dropped to 31.4 in March, completing a decrease of 5.4 below the national average for 1942.

The survey was made in connection with the Minimum Requirements for Safety and Industrial Health program sponsored by the Commission and the Navy Department, since the effectiveness of various safety programs can be compared by the use of the accident frequency rate. The program aims at eliminating many of the current shipyard hazards.

Eye injuries, the survey shows, constitute the greatest single hazard among disabling injuries in the yards of the South Atlantic area, where they amount to 26 percent of all cases. Only a few of these are sufficiently serious to result in a great deal of lost time and physical discomfort.

Eye flash from welding operations accounts for almost half of the disabling eye cases. The term eye flash is used to describe the painful injury to the eye resulting from exposure to the welding arc. As in

(Continued on Page 107)

Shipbuilding---The State's New Leading Industry

In scarcely more than two short years, North Carolina shipbuilding has grown from a handful of relatively small yards making chiefly fishing boats and pleasure craft to one of the state's leading industries, employing 25,000 workers and breaking many of the country's production records. As a leading state industry, shipbuilding now ranks in payroll importance with finished tobacco products, logging and sawmilling, and the manufacture of wooden furniture. It is turning out a variety of ships for the war effort—EC-2 cargo ships, Liberty ships, P. T. boats, sub-chasers, mine sweepers, net tenders, salvage vessels and oil barges—as part of the great program of building the "bridge of ships."

At the turn of the century, several of our coastal towns were familiar with the construction of small sailing craft, chiefly "sharpies." With the development of the gasoline engine as a marine motor, they began to turn out small power boats, such as the menhaden shad boats, as well as a limited number of small yachts. During the first World War, shipbuilding facilities were expanded, especially around Wilmington, New Bern, and Morehead City, to meet the nation's demand for increased production at that time. Now history is not only repeating but surpassing itself with the present boom in shipbuilding activities along the North Carolina coast.

The story is primarily that of the state's largest yard, the North Carolina Shipbuilding Company at Wilmington, which is ranked as one of the two most efficient producers of Liberty freighters in the country. Quoting from the May 1, 1943 issue of the company's sheet, the *N. C. Shipbuilder*, let us briefly review the history of this yard, formerly nothing more than a barren stretch of cypress swamps and flats along the eastern bank of the Cape Fear River, but today the state's second largest single industrial enterprise, in terms of employment.

It began on February 4, 1941, when the ground was broken by a merged group of contractors, V. P. Loftis company, of Charlotte, and Orrell and Underwood, of Wilmington for a six-way $5,140,010 project.

That date marked the return of shipbuilding to Wilmington after an absence dating back to the close of World War I. It was during the days of that conflict that Homer L. Ferguson, now president of the Newport News Shipbuilding and Dry-Dock Company and chairman of the North Carolina Company, toured the Atlantic and Gulf coasts in behalf of the United States Shipping Board in search for shipyard sites.

After this trip, with reference to Wilmington, he reported to the board "in my judgment it is the best place on the South Atlantic coast to build an additional shipyard." As a direct or indirect result of this report, this city has twice been selected as the site for shipbuilding.

The early work of the contractors included the filling in of the area and the dredging of adjoining areas in the river. One building was erected to house the contractors and another was built for the Plant Engineers department. Roads were built, railroad tracks laid, thousands of blueprints drawn and redrawn and more buildings and cranes erected as the sandy land grew quickly and steadily into the rudiments of a shipyard.

Meantime, many skilled workers were borrowed or transferred from the parent company at Newport News and arrived to aid in supervision of construction and train new workers.

On March 18, 1941, the U. S. Maritime Commission announced that the first contract in the President's "bridge of ships" program had been awarded to the North Carolina Company for 25 ships at an estimated base cost of $37,500,000.

The first keel was laid on May 22 as the thrilled eyes of a small group of officials and employees watched the giant arm of the crane deposit the steel plate in a "perfect landing." On December 6—just a few hours before the Japanese sneak-attack on Pearl Harbor—the first vessel slid down the ways.

During this time, the company received a contract for 12 additional vessels, making 37 in all. This meant that the original yard of six ways and two piers had to be expanded to one of nine ways and three piers. When the Maritime Commission awarded the third contract for 53 more ships in January of 1942, it became necessary to buy more land for the additional personnel and buildings and storage space needed. This addition to the yard is used mainly for storage and fabricating facilities.

During the two years and three months of its life, the yard has grown to be one of the leaders in the country in the production of Liberty ships for the Victory fleet, now ploughing every ocean lane to keep supplies moving to the widespread battlefronts of the United Nations. Its good record in the speed and quality of vessels constructed was soon recognized by the Maritime Commission and on August 30, 1942, it was awarded the "M" pennant for outstanding achievement. Since that time it has reached greater and faster production, with the result that six Gold stars have been placed on the banner's blue field.

It has reduced the time of construction from 249 days for the first nine vessels to about 37 for the last nine of the contracts. Monthly deliveries to the Maritime Commission have climbed steadily from the one vessel, which required 241 days to complete, in February of 1942 to eleven in May of this year. Here is the record for the 16 months: February 1942, one; March, two; April, three; May, four; June, five; July, five; August, four; September, five; October, six; November, seven; December, nine; January 1943, nine; February, nine; March, ten; April, ten; and May, eleven.

It was in February of this year that the yard set its record for fastest ship production, delivering the Edward B. Dudley, hull No. 67, after 35 days from keel laying.

As the company has expanded, new employees

have swelled the forces engaged in the construction of ships from 6,000 to more than 20,000—a more than triple gain indicative of all the achievements it had made during its brief but extremely busy and productive life. Plant facilities have grown tremendously during the past two years with the completion of the North yard, where prefabricating and other shops have been erected. A new mold loft and additional storage facilities have been built and many improvements in original facilities have been effected.

The tremendous amount of employment and resultant payroll—it amounted to over $32,000,000 last year—has been the greatest single factor in the improvement of Wilmington's business conditions during the past two years.

Having completed its first three contracts for 90 Liberty ships, the yard is now continuing their production and going ahead with further construction of C-2 type cargo vessels on a program calling for a total of 67 such ships. These are bigger than the Liberty ships and more expensive. In April the North Carolina Shipbuilding Company delivered the greatest number of ships from any Southern yard, when it turned over ten ships to the Government.

Other types of vessels needed in the war effort are being constructed elsewhere along the coast. The Barbour Boat Works, located at New Bern, keeps about 1,000 workers more than busy with a program of building mine-sweepers, net tenders, and salvage vessels.

The Elizabeth City Shipyard has around 600 workers engaged in turning out sub-chasers.

The Manteo Shipbuilding Company, with 200 employees, is at work on small sub-chasers, or P-T boats.

At Washington, there is a new development in progress at the Pamlico Shipyard, as a subsidiary of the Elizabeth City Shipyard. On the advice of Em-

This giant ship propellor which will grace an American fighting ship is receiving a pneumatic chipping operation from a Negro worker in a large navy yard on the Atlantic coast. *Photo by Liberman, Office of War Information.*

David L. Zimbough, age 70, came out of retirement to operate a lathe to make parts for mine-sweepers in an eastern shipyard. He returned his last social security check, declaring the money he made helping win the war was enough for him. *Photo by Hollem, Office of War Information.*

ployment Service officials to federal authorities after a survey as to available workers and housing facilities, the Washington site was selected as the best location for construction of a new yard to make wooden barges, to be tug-drawn, for transporting oil from Texas via the inland waterway system. Employment on this project is expected to be around 1,000. Plans are also being drawn for two or more other yards along the coast, to make additional steel barges for the same purpose.

A report for May states that in just a little more than six weeks after the Pamlico Shipyard was opened the Gahagen Construction Company launched the first of 30 wooden oil barges under a $2,000,000 contract from the U. S. Maritime Commission. The yard has eight ways, and it is expected that specially trained workmen will soon reduce the building time to 28 days for each barge. The barges are being built of Douglas fir, because of that timber's low moisture content. They are 170 by 34 feet, with a 10½ foot draft, and a carrying capacity of 6,000 barrels of crude oil—or approximately that of 25 tank cars.

Altogether, the shipbuilding industry in North Carolina in the last six months has increased its employment by 30 percent, and has probably just about reached a maximum with present operations. However, it will shortly be further expanded when the contemplated construction of large drydocks on the northeast branch of the Cape Fear River at Wilmington gets under way.

The first Liberty ship built in North Carolina—the S. S. Zebulon B. Vance—still is in service today with a battle-scarred record that includes more than 35,000 miles of travel through waters of the European and African seafronts. Her crowded career is highlighted with participation in the invasion of Africa.

Strategic Spodumene Developed—Kings Mountain Mineral Also Important For Peacetime Uses

Buried for aeons in Cleveland County's immense rocks, spodumene and other minerals are now being forced forth from these rocks to aid our Army and Navy. Spodumene's most important ingredient, lithium, and its salts are used in alloys, in aluminum welding, and in several ways important to the uses of war. Its peacetime functions are just as important. From it can be made metallic lithium, a metal so light—atomic weight, 6.940, while that of water is 18—that it can easily float. Lithium is No. 3 in the list of 96 chemical elements. It can be used as an agent in the glazing of china.

So great are its uses that the corporation, The Solvay Process Company, which has other kinds of plants in Syracuse, N. Y., Detroit, Mich., Baton Rouge, La., and Hopewell, Va., spent large sums of money in Cleveland County developing the only processing plant of its kind in the world. This company came after spodumene, but it will make extensive use of the other minerals which it recovers in the milling process, mainly tin, feldspar, and mica.

The Solvay plant at Kings Mountain is not the only plant which recovers spodumene. But no other development using this kind of processing has been achieved upon any other mining property in anything like such an extensive way. Deposits of spodumene exist along several places on the Atlantic coast, notably in Maine, as well as in the Black Hills of South Dakota. But the deposit in Cleveland County is one of the largest and has the richest content of minerals.

Claims have been worked on this property, mainly for tin, since the year 1880. Several old mining shafts can still be seen. For the past several years Mr. L. M. Williams, of Charlotte, has been carrying on an operation there, handpicking out the spodumene, in a slow and expensive process. It was some time last year that he leased the mineral rights on about 400 acres of land to the Solvay Company, which made preparations for immediate operations.

The new milling plant was put under construction on the first of last November, contract being let to the Lee Construction Company of Charlotte, which seven months later, turned the completed plant over to the Solvay Company. This construction company saw the installation of the plant equipment under the direction of its construction superintendent, Mr. W. W. Tolleson. He had never built a plant like this one before. There is no other like it in the United States. All he had to go on was timber, steel, a mass of machinery, and about 150 sets of blueprints; but he did it, and he himself admits, it's a good job. Operated in connection with the milling plant is a laboratory for testing and analysis of ore and product. It is equipped with precision devices, one set of scales weighing accurately down to a tenth of a milligram.

First of all Solvay Company had to get the rock out of the earth. This extraction of rock is done for Solvay by its neighbor the Superior Stone Company, which mines the rock under contract and gives it a primary crushing at its plant. The ore is delivered to the Solvay plant by the truck load in about one-half inch size. It is then given a thorough crushing, which brings the stone down to the size of fine sand. It is then given several washings and the impurities allowed to float away. Next it is sent into conditioners where chemical reagents are added. From here the wet pulp is moved into flotation cells where the feldspar and mica settle to the bottom and the spodumene floats off the top in a substance which looks much like soapsuds. The water bearing the spodumene is then put through filter wheels and from there it goes through the dryer to the stock pile, whence it is shipped by either the Southern or the Seaboard to wherever it is needed in industrial enterprises. The water has to be pumped from a nearby creek, specially softened, and piped. It was necessary to build extensive pipe lines to route this water. It was also necessary to build several miles of highway, usable by the heavy trucks which must haul the ore and the finished product.

The Solvay plant will mill over 100 tons of ore per day, shipping out several carloads of spodumene per week, but there is sufficient ore on its holdings to last for a hundred years or more. This belt of spodumene ore is estimated to be around 25 miles long and from one-half to three miles wide. It has been known to exist for some time, due to the tin prospecting that has gone on here for more than 60 years and also to the activities of the North Carolina Geological Survey, the United States Geological Survey, and the United States Bureau of Mines in this vicinity. The general superintendent of operations is P. M. LeBaron, who, prior to his connection with the Solvay Company, was with the United States Geological Survey and the American Zinc Company. The mill superintendent is Joseph H. Weiss, now living in Shelby.

People in general, then, knew—in general—about the spodumene, but it remained for the Solvay Company to develop the practical way of recovering it in commercial quantities.

SHIPYARDS REDUCE ACCIDENTS

(Continued from Page 104)

the case of skin sunburn, the ultra-violet rays and not the light or glare of the arc, burn the delicate tissues of the eye. The victim is seldom aware of the injury until some hours after exposure. The rays do not penetrate the lens of the eye or permanently injure its deeper structure, and the use of proper protective equipment issued to all shipyard workers, prevents injury and consequent lost time from the job. The fact that many flashes reported by yards are experienced by workers other than welders, particularly shipfitters, emphasizes the importance of consistent use of eye protection by all shipyard workers.

Notes On U. C. C. Operations

KEEPING ACCOUNTS FOR MORE THAN A MILLION WORKERS

For each and every worker who at some time establishes wage credits toward job insurance, and for whom, in effect, his employer his paid a premium on an unemployment compensation policy, the Unemployment Compensation Commission of North Carolina maintains an individual record. As its six years of operation have progressed, the number of these worker accounts has reached gigantic proportions. Today the Commission has in its files wage reports for well over a million people in 1942 alone.

As covered employers report to the Commission on the earnings of their workers, wage credit slips for each employee are carefully sorted and filed according to that worker's social security account number. For purposes of setting up the file, the Commission receives regularly from the Social Security Board a list of all employee account numbers established in North Carolina under the old age and survivors insurance program.

With some 725,680 social security numbers to start with, many new ones have been added. The increase in the number of these employee accounts has been most noticeable in the last two and a half years. Some 208,066 new social security accounts were established in this state in 1941 and about 180,402 more in 1942; the total on January 1, 1943 was 1,565,951.

Of course not all the workers who have social security account numbers in North Carolina have wage credits reported for them under the unemployment compensation program, since its coverage provisions are limited to establishments with eight or more employees. But a larger proportion of the new accounts receive wage slips in the Commission's files each year, as new workers tend to become part of the larger war production industries. In addition to accounts first established in North Carolina, the Commission keeps wage records for an increasing number of workers who have come into the state bringing their social security numbers with them. Altogether the Commission has close to two million account numbers on file.

Of all the thousands of accounts with unemployment compensation wage records in North Carolina, some must be regarded as inactive. There are those for workers who have dropped out of covered employment prior to the base period with regard to which a claim for benefits would now be processed. Some workers will have died. But it is significant that the 1942 reports from employers listed wages for 1,061,332 individual workers—over 200,000 more than for the previous year. Wages were reported for 814,666 workers in 1941, and for 698,300 in 1940.

Furthermore, one can only guess how many wage record accounts are being held for men and women now in the military services; consequently all records are retained. Since the Unemployment Compensation law of North Carolina provides that on reentering civilian life after discharge from military duty, a worker who cannot find employment may apply for benefit payments on the basis of his earnings prior to entering the service, a considerable number of the currently inactive accounts may be brought forward.

The responsibility of the Commission to all the thousands of workers insured under its program against loss of employment must be taken very seriously indeed, when it is remembered that the desperation born of unemployment which so many have known in the past may come to more in the future, if our economic planning, or lack of it, should prove unsound or insufficient. There have been times, and there may be more, when an unemployment compensation benefit check, modest though it be, spells the difference between something to eat and going hungry, between respectability and abject begging.

PRESENT CLAIM LOADS UNUSUALLY LIGHT

Since January 1943, fewer than 15,000 benefit checks have been issued by the Unemployment Compensation Commission each month. It is estimated that the checks have been sent to an average number of unemployed workers throughout the state of approximately 2,000.

1943 claim loads are the lowest this state has experienced since the inauguration of its unemployment insurance program over six years ago. In June 1942, the number of benefit checks fell below all previous levels and has been declining ever since. April checks, 11,347 for instance, were less than one percent of the number written during the peak of unemployment in August 1940. The amounts paid fell below $100,000 in February of this year and below $60,000 in May.

Insured workers who lose their jobs through no fault of their own are entitled to draw unemployment benefits when no new suitable work is available for them. The fact that as few as 2,000 persons in all of North Carolina were currently in this situation last month, is the result primarily of war demands for all unavailable labor—few workers today are losing their jobs and not finding new ones immediately. It is also a reflection of the efforts of the U. S. Employment Service in seeing that no manpower remains idle, and of the Commission's claims deputies who have been active in prosecuting any claimants attempting to draw checks on the basis of misrepresentations, and who are following instructions to scrutinize closely all claims where there has been a refusal of work on the ground that it was not suitable.

TAX REDUCTIONS FOR NORTH CAROLINA EMPLOYERS

Some 1,564 employers this year will be paying reduced taxes on 1943 payrolls to the Unemployment Compensation Commission of North Carolina in support of its trust fund. In these days of bigger and better taxes, such an announcement by the Commission of reduced rates would seem to be taking a different turn, if such rates were not part of a plan extending over many years.

The system of employer experience rating, designed to give an employer with a good record as regards unemployment the benefit of his experience in the form of a reduced payroll tax, was first formulated here in 1939 and perfected by the 1941 General Assembly. The system was then inaugurated in North Carolina on July 1st of the past year, as of which date the rates for this year's tax have been computed by the Commission. Under the employer experience rating plan, the rate of each employer's payroll tax to be paid in the following calendar year is reckoned on the basis of his individual account as to the amount of contributions previously paid into the fund in relation to the benefit charges deducted. The system contemplates that the first reductions from the standard rate of 2.7 percent of payrolls should not be great, but that with continued good experience as to unemployment among his workers, an employer's rate in years to come could fall as low as .27 percent of payrolls—one-tenth of the standard rate. Following the rather complicated system as prescribed by law, the Commission set up individual reserve accounts for each employer filing reports, and after allocating a certain portion of this to a pooled fund, computed his reserve balance and sent him a statement as to his rate of tax for 1943.

However, both the number of employers who will pay reduced taxes this year, and the industrial classification of many of them have been a surprise. It was not expected that the first computation would entitle quite so many as 1,678 accounts to a reduced tax rate. Even with 114 of these accounts now inactive, the number of the State's employers who will contribute less to the fund this year is 1,564, or close to a fifth of these with active accounts and an established reserve balance.

A tax reduction under experience rating is supposed to be the result of relatively stable business practices as regards employment. Yet, while most of the reductions apply to employers engaged in wholesale or retail trade, an unexpected number of them occur for local building-construction contractors, saw mill operators, and employers carrying on automotive supply and garage repair shops—the same groups among which the mortality rate of those ceasing operations in 1942 was found to be high. The probable explanation is that even though war's restrictions have hit employers in these industries pretty hard, forcing some out of business, and undoubtedly reducing employment for others, nevertheless the labor market has absorbed their workers so readily as practically to eliminate any benefit charges against their reserve accounts.

Of the larger groups, printers and publishers have about the highest proportion of reduced rates among them, with 40 percent of their establishments on the receiving list. Other sizeable groups where the average number of employers to pay reduced rates represent about a third of the industry more or less, include all wholesale and most retail merchants; bankers and insurance agents; manufacturers of iron and steel products and non-electrical machinery; repair shops, medical and health services, and motion picture firms.

In the majority of cases the amount of the reduction is the difference between 2.7 and 2.5 or 2.13 percent of payrolls. While to individual employers this may not seem so much in dollars and cents, it must be remembered that this is the first year in which any reduction could be made, and that all of the 1,564 employers may be in a position to receive greater tax reductions next year, eventually scaling down to the minimum of .27 percent of payrolls. By the same token, others who did not qualify for 1943 reductions may receive them for 1944, and so on.

Theoretically, no North Carolina employer has yet had an opportunity—even with a perfect record and not a dime paid out in unemployment benefits to any of his former employees—to develop a reserve which would entitle him to a rate lower than 2.13 percent for 1943. The hundred-odd employers who will pay rates lower than this for the coming year do so because their payrolls are now smaller than they were in one or more preceding years.

The effect that the smaller contributions from experience rating will have on the unemployment trust funds remains to be seen. Up to the present time, the fund has been steadily growing. Of the total sum collected since the Commission began operations, about a third has been paid out in benefits to unemployed workers. The balance on hand with which the Commission will meet the contingencies of the future is less than sixty millions. On the basis of the July 1, 1942 computation, less than a third of the fund was in the pool and the rest credited to employer reserve accounts.

Meanwhile, with the industrial boom of the war effort, the number of workers who have come under the protection of the unemployment compensation program has decidedly increased. There are now more than a million workers for whom their employers have reported wage credits and who will be entitled to apply for unemployment benefit payments should they lose their work through no fault of their own. Unless a post-war economy is carefully planned, it is conceivable that the trust fund might be insufficient to meet the demands made upon it over a period when readjustments could bring widespread and continued unemployment.

FEW VIOLATORS OF UCC LAW ESCAPE

Every law has its violators and the unemployment compensation law of North Carolina is no exception, even though few get away with it. To claim work insurance payments on the basis of a former job while earning wages on a new one, or to cash a check

intended for someone else, is a wrongful act both morally and legally.

Tracking down those persons who, through fraud and misrepresentation, forgery and falsification, obtain benefits to which they are not rightfully entitled is one of the responsibilities of the Unemployment Compensation Commission's claims deputies. Operating under the claims investigation section of the benefits department, headed up in the central office by Mr. S. F. Teague, the deputies constantly match wits with those of criminal intent. Investigations involve for the most part instances of misrepresentation; occasionally there will be a case of downright forgery.

For instance, take the experience of one office.

From claims handled through the Winston-Salem office over the last three years, the Commission discovered that some 45 persons had violated the law, and collected $1800.00 in overpayments. Against the total of $793,431.38 paid out on 152,737 checks to Winston-Salem beneficiaries during the same period, the amount obtained by fraud appears relatively small. Yet as a warning to others who might attempt illegal collections, violators are brought to the attention of the courts. 41 of the 45 offenders in Winston-Salem were prosecuted and convicted. As a result of court orders suspending sentence on repayment to the Commission, $1,543 has been restored to the unemployment insurance fund.

It is just another story that most acquisitive crime is small pickin's, and it definitely doesn't pay. What few of the workers who attempt to continue to draw benefits while they are again earning wages seem to realize is the certainty with which their fraud will be found out and catch up with them. It works this way, in most cases.

The Commission maintains an individual record for each and every worker who at some time establishes wage credits toward job insurance, and for whom, in effect, his employer has paid a premium on an unemployment compensation policy. This record shows that worker's reported earnings on the one hand, and also all benefits payments claimed and paid to him. If an employer is reporting wages for anyone at the same time insurance payments, the clerks who keep the records at Commission headquarters soon spot the discrepancy.

The case is then immediately referred to a field representative who calls on the employer of the suspected party to make sure there is no mistake. Then the evidence, thus double-checked, is given to one of the Commission's fifteen claims deputies to handle. He puts the case before the solicitor in the proper jurisdiction, and the law takes its course.

The penalty provision in the U. C. law, under which violators are prosecuted is an important paragraph. Unemployment compensation was established as a form of insurance for the workers of covered employers against a time when such work might be denied them through no fault of their own. The law was framed for the purpose of paying job insurance benefits to qualified workers losing their jobs, to tide them over a wage-less period until they could become reemployed; it did not contemplate continuing payment of benefits to workers after their enforced idleness ceased. It is illegal for anyone claiming unemployment compensation knowingly to fail to report earnings. The express provision of the statute for such misrepresentation is punishment by a fine of not less than $20 nor more than $50, or imprisonment for not more than 30 days.

Instances of forgery are another story. As a rule, it is only an occasional check that some person other than the beneficiary is tempted to sign for and cash. But a particularly flagrant case of wholesale forgery developed through the Wilmington office a while back, which called for special measures before the offender was finally run to earth. He is now serving a term of six to eight years in state prison.

This forger was first suspected because he was obviously living too high for his income. Then a first positive clue developed when a claimant failed to receive an unemployment compensation check due him, but was given cash by the man in question. So Commission representatives, led by R. A. Wadsworth, then Supervisor of Employment Office Managers, began painstakingly to investigate the endorsements on cancelled checks known to have passed through the suspect's hands. This meant canvassing stores where the checks had been cashed to see if storekeepers had been making sure of identifications. It meant a search of the claims records files by day and contacting Negro claimants after work hours night after night and holidays—in the football season too—for over a month, and overcoming their reluctance to testify. And there was a real element of danger, for certain numbers and bootleg racketeers mistaking the purpose of the investigation were ready to put the searchers "on the spot."

On the basis of the first few irregularities discovered, the culprit was arrested and kept in jail under high bond and his bank accounts attached. Meanwhile the investigation continued, finally piling up evidence as to between five and seven hundred phoney signatures, many of them countersigned and deposited by the forger himself. A lot of money had been wrongfully appropriated. However, the commission was able to recover a large part of it in settlement of a civil suit brought against the bank which had guaranteed the endorsements.

LARGEST FUND RECEIPTS FROM FIVE COUNTIES

Five North Carolina counties have paid over a million dollars each as taxes on 1942 payrolls to the state's unemployment insurance fund. The five counties are Forsyth, Guilford, Durham, Mecklenburg, and New Hanover. Their combined contributions amount to well over a third of the total receipts for 1942.

In previous years, only two of those counties, Guilford and Mecklenburg, have paid as much as a million dollars in payroll taxes in a single year. The increase is a reflection of recent high employment levels throughout the state. Total receipts to March 1, for the unemployment insurance fund were higher for 1942 than for 1941 by $3,733,819.95.

Other counties which paid over half a million for 1942 include Alamance, Buncombe, Cabarrus, Gaston, and Onslow. The most noticeable increase in

1942 receipts were from Durham, New Hanover, Craven, and Onslow counties, as a result of shipbuilding and war construction activities.

Unemployment Compensation Commission officials point out that since most of the increased receipts to the fund stem from war employment, the fund may have to stand considerable drains from it when such employment ceases. It represents not only unemployment insurance for the state's workers, but insurance for the state against a burdensome relief load.

As of June 1st, North Carolina's fund amounted to $59,459,960.00 exclusive of this year's benefit payments. Payments in previous years have averaged one-third of contributions. Compared to other state unemployment compensation funds on deposit in the National Treasury, a recent analysis made by Mr. Campbell from available figures indicates that North Carolina's balance per covered worker that it insures, is about 30 percent below the average.

LARGEST COUNTY RECEIPTS TO UNEMPLOYMENT COMPENSATION FUND

(March, 1943)

	1941	1942	% of 1942 Total
State	$ 14,568,429.33	$ 18,302,249.18	
Mecklenburg	1,345,745.67	1,614,589.83	8.8
Durham	593,339.01	1,411,585.75	7.7
Guilford	1,274,416.65	1,374,469.67	7.5
New Hanover	571,448.23	1,204,462.40	6.6
Forsyth	918,852.01	1,024,409.24	5.6
Gaston	759,213.52	995,843.04	5.4
Cabarrus	715,867.94	777,434.76	4.2
Alamance	535,716.86	605,675.18	3.3
Buncombe	505,411.38	589,034.75	3.2
Onslow	100,540.57	501,826.72	2.7
Wake	405,457.58	469,722.50	2.6
Craven	105,149.67	424,227.70	2.

U. C. C. MAKES REFUND

An opinion by the Unemployment Compensation Commission of North Carolina recently allowed a refund of several thousand dollars to two construction companies which jointly elected voluntary coverage and had paid taxes under a misapprehension as to their liability.

The two companies who paid the taxes and share in the refund are: Boyle-Kahn Construction Company and Boyle Construction Company and J. R. Suber Company. They had elected voluntary coverage in this state while engaged in work at Camp Butner which did not last for as many as 20 weeks in either 1942 or 1943, having been misinformed as to the provisions of the unemployment compensation law for North Carolina, which holds an employer is liable for unemployment insurance taxes on his payroll if he employs eight or more workers for 20 weeks in any one calendar year.

OUTLOOK FOR POST-WAR UNEMPLOYMENT IN N. C.—BIG DRAIN ON FUND

Looking to the possible effect of readjustments on employment in the immediate post-war period, Silas F. Campbell, head of the Unemployment Compensation Commission's Bureau of Research and Statistics, estimates that the Commission's fund balance available for payments to unemployed workers is likely to be adequate to meet its liabilities, although it may be more than halved. His views as to what North Carolina may reasonably expect with regard to the solvency of its unemployment insurance, are stated in a memorandum to the Commission.

Mr. Campbell starts with the assumption that the war will end in 1944; should it continue longer, the effect of immediate employment dislocations on the fund might be less drastic. He takes into account both the number of workers who have recently been added to the labor force for war production and whose employment would probably cease, as well as all the workers who will be demobilized from military service, and the effect which reduced employer contributions as the result of experience rating might have on the fund.

Taking the amount of employment which would be curtailed as the difference between the average number of insured workers before the war and the average number in 1942, he estimates a minimum of 105,000 claimants from war production jobs. Their checks would average $8.63 a week as a result of their higher wages. Allowing for benefits to some 75,000 ex-service men, also for some "normal" unemployment as in 1941, and for seasonal unemployment lasting as long as a recent study has shown that it usually does, Mr. Campbell expects the drain on the fund in the first and second post-war years would exceed $28 millions a year. This would be more than three times the amount of benefits paid by the Commission in any previous year.

He expressed the opinion, however, that post-war readjustment for North Carolina may be more rapid and a less serious problem than for some other states, for two reasons: First, the dollar value of its primary war contracts per capita of covered employment is less than half the average of 16 other southern states. Second, few plants have been built in North Carolina expressly for war production. It is largely a producer of consumer goods, and conversion to war production has meant mainly an increase in production along regular lines, with a minimum of new equipment and occupations.

Meanwhile, of course, the unemployment compensation fund which now stands at $59 millions, will have increased somewhat, although progressively less each year with employer experience rating in operation. Payments from the fund may be expected to far outweigh contributions to it in the first post-war years, Mr. Campbell believes, in which case the fund might rapidly shrink to less than half its present total.

BENEFITS TO BE RESTRICTED FOR SEASONAL WORKERS

The unemployment benefit rights of seasonal workers may be limited in the future, according to a statement issued by W. R. Curtis, acting chairman of the Unemployment Compensation Commission. His statement follows action taken by the Commission at a regular meeting in approving regulations drawn up on the basis of a recent legislative revision of the U. C. law. Under these regulations, now

available to employers, out-of-season unemployment, under specified conditions, in certain industries, or their branches, may be made non-compensable after July 1st.

Mr. Curtis further outlines how these new regulations under the law enable employers in seasonal industries to establish with respect to all or only part of their business a special period, or season, of insured employment of less than a full calendar year. Workers who lose their jobs within this specified period, may draw unemployment compensation for jobless weeks while the season lasts; but in the off-season, unemployed workers will not be entitled to draw benefits chargeable to their seasonal employers.

It is expected that employers engaged in such enterprises as tobacco processing and the resort hotel business may wish to take advantage of the new provisions. By doing so, their reserve accounts in the Commission's trust fund will be relieved of charges due to unemployment of their former workers during their industries' off-season.

The law stipulates that an employer who wishes to have his business, or a part of it, declared seasonal must apply to the Commission to establish such a season with respect to unemployment compensation. The season must be not less than four, nor longer than 36 weeks. The regulations prescribe the manner in which application for a seasonal classification of an employer should be made, and define what such an application has to show as to the amount and kind of employment offered during a season, so that the Commission may decide when employment is seasonal within the meaning of the law.

The effect on workers will be to reduce the possibility of drawing unemployment benefits during their off season and to encourage them to find work of another kind, as for instance in domestic service or on the farms.

COMMISSION'S POLICY WITH RESPECT TO REFERRING PARTIALLY UNEMPLOYED CLAIMANTS TO FULL-TIME WORK

On August 1, 1942, the North Carolina Unemployment Compensation Commission adopted the policy of notifying the last employer and base period employer(s) at the time a former worker files a claim for benefits or reinstates his claim for benefits. These notices are sent to the last and base period employer(s) whenever a claim is filed regardless of whether such claim is for total or partial unemployment.

The question has arisen as to whether it was the intent of the Commission to encourage partially unemployed workers to secure full-time work when such full time work is available. The Commission discussed this question and directed the Unemployment Compensation Division to continue the policy of notifying the last and base period employer(s) on partial claims just as these notices are sent on total claims.

The Commission also requested the United States Employment Service offices to refer such partially unemployed claimants to any base period employer provided such employer makes an offer of full-time suitable work to the partially unemployed claimant.

The Commission's action is based on a recognition of a necessity of channeling all available manpower into the war effort. This action, it is thought, would assist in bringing about a greater absorption of all available manpower into the war effort. The adoption of this policy by the Commission tends to protect the claimant by providing a greater work opportunity and at the same time enables the base period employer to conserve his reserve account credit.

The United States Employment Service will make referrals of partially unemployed workers and in making such referrals will follow the policy of contacting the employer of such partially unemployed workers before making a referral. This policy is deemed wise since it is recognized that the referral of certain partially unemployed claimants might result in a complete disruption of the operations of the employer's whole plant.

An employer who wishes to regain the services of a former worker who is partially unemployed, may request the United States Employment Office at which the worker files his claim to refer such worker provided an offer of full-time suitable work is made.

RAPER ADVISES BOARD

Hugh M. Raper, the Commission's administrative assistant was called to Washington to serve through June as consultant to the Social Security Board in its preparation of a national guide for employment security administration. Mr. Raper has been connected with the Commission since 1937, and became its administrative assistant when that staff post was created in March 1942. He has been responsible for developing operating procedures for both the central and local offices. The Board sought his advice following the recent visit to Raleigh of severad Board officials engaged in making a special study of agency operations in North Carolina.

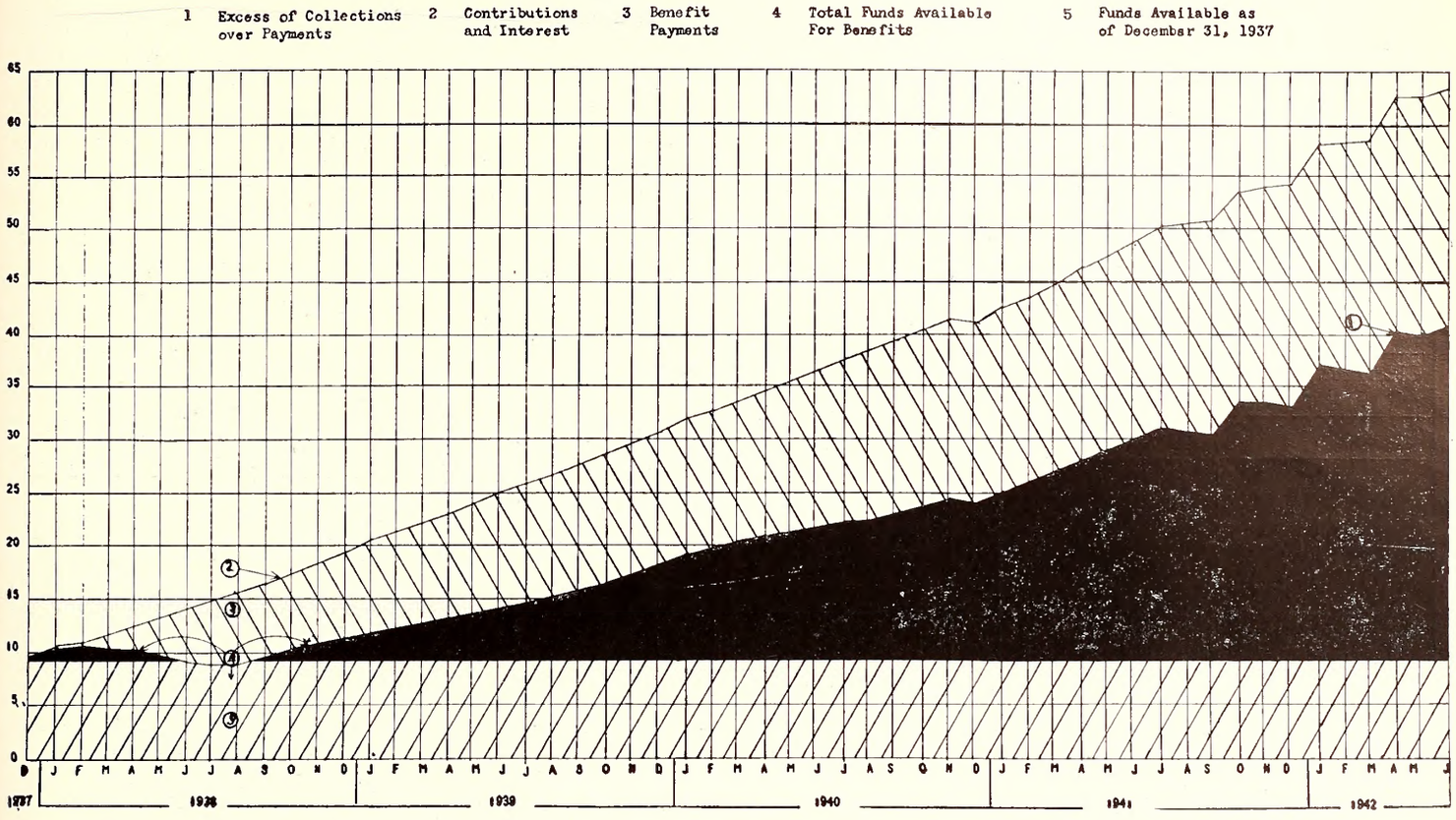
U. C. LAW—IN CHINESE

When Payroll Auditor Ray Work of the Columbus, Ohio, local Compliance office attempted to interview a Chinese hand laundry proprietor whose liability under the Ohio unemployment compensation law was in question, he received the answer, "No speekee English." Mr. Ray secured the aid of Mr. Walter Ming, one of the owners of the Far East Restaurant in east Columbus. Mr. Ray dictated the words, and Mr. Ming wrote a brief Chinese version of the law. Here, then, was the answer to all Chinese who said, "No speekee English," when questioned about the unemployment compensation law.

BENEFITS DENIED 7,000 OHIO MINERS

Ruling that miners, idle during April, 1941, while a new work contract was being negotiated, refused offers of work for which they were reasonably fitted, the Ohio Board of Review, in a two-to-one decision, denied them unemployment compensation for the period they were unemployed.

CUMULATIVE COLLECTIONS AND INTEREST, CUMULATIVE BENEFIT PAYMENTS, AND FUNDS AVAILABLE FOR BENEFITS, JANUARY 1938 TO JUNE 30, 1942. (IN MILLIONS OF DOLLARS)



CANNERS URGENTLY NEEDED

Unless an extraordinarily effective job is done this year in recruiting new workers in the food canning and processing industry and in maintaining the nucleus of experienced workers accustomed to working in each local cannery, according to the W. M. C., some crops will go to waste and the supply of canned and processed foods will become tighter.

Normally, about six times as many people are employed in canning around the first of September as at the beginning of May. W. M. C. estimates that roughly 400,000 canning workers will be needed in the U. S. at the peak season this year.

Canning, though a major industry, is essentially a seasonal, hometown industry, manned by local workers—youths, housewives, mechanics, and others —who are otherwise occupied during the rest of the year when the local cannery is not in operation or is operating on a reduced schedule. Wherever there is a cannery, local people have been accustomed to helping out the family income by seasonal work in the neighborhood plant.

Last year, however, a great many of these townsfolk were missing from the canneries. This year, the normal reserve of experienced local canning labor shows signs of serious depletion, exceeding that of 1942, yet the demand for canned and processed foods, will be far greater than ever before.

ANNOUNCEMENT

The greatest contribution which workers can make towards winning the war is get into a *vital war job!* If you are not using your highest skill you can obtain a statement of availability for work in an essential industry. The War Manpower Commission's Employment Stabilization Plan is designed to utilize every worker to the best advantages of the war effort. If you are not in one of the 35 industries listed by the War Manpower Commission as *essential* you are not doing your utmost for your Government. See your nearest United States Employment Office for a list of these essential industries, and if you have a skill which you can use in one of these industries, ask them how you can get into a war job. And, if you plan *any* change in employment, see the U. S. Employment Service for advice as to how the Employment Stabilitzation Plan can help you *and* your Government. Get into a war job to speed Victory!

COAL PRODUCTION LOST THROUGH STRIKES

The Bituminous Coal Division estimates that work stoppage in the anthracite mines since April 1 has resulted in a production loss of silghtly more than 1,500,000 tons, or somewmat more than a full week's production.

EMPLOYMENT SERVICE OFFICES FOR NORTH CAROLINA AND COUNTIES SERVED BY EACH

OFFICE	COUNTIES SERVED
Albemarle	Stanly
Asheboro	Randolph
Asheville*	Buncombe Madison
Bryson City	Graham Jackson Macon Swain
Burlington	Alamance
Charlotte*	Mecklenburg Union
Concord	Cabarrus
Durham*	Durham Orange Person
Elizabeth City	Camden Chowan Currituck Dare Gates Pasquotank Perquimans
Fayetteville	Cumberland Harnett Hoke Sampson
Gastonia	Gaston Lincoln
Goldsboro	Duplin Wayne
Greensboro*	Guilfordx
Greenville	Pitt
Henderson	Granville Vance Warren
Hendersonville	Henderson Transylvania
Hickory	Catawba
High Point*	Guilfordx
Kinston*	Greene Lenoir
Lenoir	Caldwell
Lexington	Davidsonx
Lumberton	Bladen Robeson
Morganton	Burke McDowell
Mount Airy	Surry
Murphy	Cherokee Clay
New Bern	Carteret Craven Jones Pamlico Onslow
North Wilkesboro	Alexander Alleghany Ashe Watauga Wilkes
Raleigh*	Franklin Johnston Wake
Reidsville	Caswell Rockinghamx
Roanoke Rapids	Halifax Hertford Northampton
Rockingham	Anson Montgomery Richmond Scotland
Rocky Mount*	Edgecombe Nash
Rutherfordton	Polk Rutherford
Salisbury	Davie Rowan
Sanford	Chatham-Lee Moore
Shelby	Cleveland
Spray	Rockinghamx
Spruce Pine	Avery Mitchell Yancey
Statesville	Iredell
Thomasville	Davidsonx
Waynesville	Haywood
Washington	Beaufort Bertie Hyde Martin Tyrrell Washington
Wilmington*	Brunswick Columbus New Hanover Pender
Wilson	Wilson
Winston-Salem*	Forsyth Stokes Yadkin

* Local office with Negro divisional office.

xCounty served by two offices.

COMMISSION ACTS

Six members of the Unemployment Compensation Commission—W. R. Curtis, C. E. Cowan, C. A. Fink, Mrs. F. L. Fuller, R. Dave Hall, Prof. H. D. Wolf—recently meeting in regular session at Raleigh headquarters, took action designed to discourage any workers who might attempt to draw benefit checks instead of remaining at or taking jobs helpful to the war effort.

A definition of availability for work, with respect to claimants, which conforms to W. M. C. rulings as to the availability of workers transferring from one job to another, was agreed upon. Also the Commission's policy was emphasized in instructing claims deputies to scrutinize carefully refusals to take jobs on the grounds of suitability.

SMALL MANUFACTURERS SHARE IN WAR PRODUCTION

A representative sample survey of the Nation's small manufacturing concerns by the Office of War Information indicates that 58 percent are engaged directly or indirectly in war production. Of the remaining 42 percent, about one-quarter have been unable to get war production contracts and about three-quarters have not tried to get war contracts because their products were not required for war, because they had enough civilian business, or for other reasons.

Only concerns employing no more than 125 wage earners were included in the survey; less than 5 percent of the firms studied employed more than 80 workers.

The Plan For Labor

The key to the War Manpower Commission's plan for labor stabilization, as announced on May 15th, is the United States Employment Service. Mrs. Gertrude K. Clinton, Director of the Employment Service for North Carolina, and deputy director WMC, outlines this plan as follows:

THE PURPOSE

The purpose of the plan is to provide government, management, and labor with an effective system of providing workers where needed to do war production and essential civilian work. It provides for holding workers on their jobs where needed or permitting them to transfer to other jobs under certain conditions.

So long as employers and workers conform to provisions of the plan they will be in compliance with W.M.C.'s regulation 4 restricting the transfer of workers which was issued under the President's "Hold the Line" order stablizing wages, prices and employment.

THE PLAN

1. Provides that employers in essential industries may not hire a worker whose most recent employment was in an essential industry unless such a worker presents either a statement of availability from his most recent employer or a statement of availability from his local United States Employment office.

2. Sets up machinery enabling workers, under certain conditions, to transfer from one essential industry to another if such a step will aid in the effective prosecution of the war or compelling personal reasons make such a step advisable.

3. Establishes valid reasons which entitle an employee to a statement of availability and sets up procedures under which statements may be obtained. The plan provides that statements of availability shall be issued to any worker by his most recent employer or the Employment Service, whenever the employee—

A. Is discharged by his last employer.

B. Is laid off for an indefinite period or for a period of 7 days or more.

C. Can establish that his present employment does not utilize him at his highest skill or that he is not being employed full time.

D. Has compelling personal reasons for change in employment.

4. Provides that under certain conditions a statement of availability may be issued if it is established that the change of employment will aid in the effective prosecution of the war.

5. Stipulates that where an employee has a valid reason for a job transfer within essential industries, the Employment Service is authorized to grant such statements of availability when the employer refuses to grant a statement of availability.

6. Provides that employers may not hire in-migrants (workers who have not lived within the normal commuting distance of the prospective employer's establishment) except through the local Employment Service office.

7. Permits workers to transfer freely from other than essential to essential activities. No statement of availability is needed unless the worker is going to work outside the local commuting area.

8. Stipulates that while the worker may appeal from the decision of an employer or the Employment Service when not granted a statement of availability, the worker must remain on the job until the appeal has been decided.

9. Authorizes the Employment Service to grant statements of availability, upon request, to any employee of an employer who violates the regional plan, or the area plan, if one is in effect. These statements may be issued regardless of whether the workers otherwise would be entitled to such statements.

10. Prevents workers from transferring from an essential activity to an activity other than essential at a higher rate of pay unless there is no full time job which he can fill, available locally in an essential activity.

11. Provides that a worker wishing to seek or accept employment outside the commuting area must obtain a statement of availability from the USES covering the locality in which he is currently or was most recently employed. Without such a statement of availability he will not be able to obtain employment.

12. Provides that the granting or denial of a statement of availability may be appealed by an employee or an employer from a decision of the Employment Service, provided an appeal is filed within seven days from the date of such determination with the area manpower director or the regional director.

13. Permits a worker to transfer from agricultural employment to other agricultural employment, irrespective of the wages in either employment.

14. Permits a worker in non-federal governmental employment to transfer to other non-federal governmental employment, irrespective of the wages in either employment.

15. Provides that hiring by departments and agencies of the federal government which are subject to the rules and regulations of the U. S. Civil Service Commission shall be made only with the approval of the U. S. Civil Service Commission, which shall conduct its recruiting activities and make referrals in accordance with W.M.C. policies, procedures, and standards.

16. Provides that nothing in the stabilization program shall be construed as applicable to state governments and local subdivisions thereof, nor to casual employment (those employed for 15 days or less) domestic servants, or employers of fewer than eight employees.

THE REGIONAL PROGRAM

The program in North Carolina is a part of a regional plan which has also become effective in the states of Maryland, West Virginia, Virginia, and North Carolina and the District of Columbia.

In announcing the regional plan, Leo R. Werts, acting regional WMC director, explained that it is subject to amendment to fit peculiar problems within a state or a locality within the region. Until further notice, however, the regulations outlined above will be in effect throughout North Carolina.

"The aim of the plan," Werts said, "is to eliminate wasteful turnover, to reduce unnecessary migration by encouraging the full use of local labor, to direct scarce labor to employers engaged in essential activities in preference to others, and to obtain the maximum utilization of the manpower resources of the region under standards protecting the rights of all concerned. The plan for realizing these aims was worked out during conferences between manpower officials, management, and labor.

"Through the use of statements of availability, workers may move between essential activities and into essential industries. In effect, these statements of availability are written statements authorizing an employee to leave his present employment and go to work for another employer in an essential activity."

It should be emphasized that workers in transferring from one essential activity must have these statements to the effect that the worker may be hired elsewhere in an essential activity. It is highly important that all workers who contemplate seeking work beyond normal commuting distance from their homes must have statements of availability. Without them, they will not be able to secure employment. All hiring of in-migrant workers will be through the Employment Service, and before any worker can be hired outside his home area, he must have a statement of availability from his home town employment office.

To aid in administering the plan, WMC labor-management committees for both the region and the state will serve in an advisory capacity on policy. The members of the regional committee follow:

Management Representatives—S. W. Pickering II of South Charleston, W. Va., Union Carbide and Carbon Corp., C. D. Mackay, of Washington, Southern Railway Systems, Leroy H. Smith, of Roanoke, Va., American Viscose Corp., Charles P. McCormick, of Baltimore, Md., McCormick & Company and L. K. Clyde Council, of Wananish, N. C., Council Tool Company.

Labor Representatives—James H. Blake, of Washington, Secretary-Treasurer of the National Marine Engineers Beneficial Association, A. E. Brown, of Durham, N. C., American Federation of Labor Organizer, Frank T. Coleman, of Washington, Maryland and District of Columbia Federation of Labor, Frank J. Bender, of Baltimore, Regional Director of the Congress of Industrial Organizations, and Sidney J. Katz, of Washington, Secretary-Treasurer of the Maryland and D. C. Industrial Union Council.

What Are Essential Jobs?

BY E. C. MCCRACKEN, ASST. DIRECTOR, U. S. E. S.

We must see to it during this global war that all of our people who are capable of productive effort perform tasks in which they can make contributions toward winning the war. Any job which contributes directly or indirectly to the maintenance of our armed forces or to the production of civilian necessities on the home front is an essential job. The lists of essential activities which have been published by the War Manpower Commission define the jobs and activities which are making the most direct contribution to our war effort.

Essential jobs are not merely those jobs that have to do with making planes, or ships, or ammunition, or bomb sights because no nation at war can suspend all activity on the home front while the armed forces fight on the battle front. There are, of course, occupations and activities at which people work in normal times that contribute very little to the necessary requirements of either the military forces or civilian life.

These lists of essential activities and occupations were designed to provide the United States Employment Service and other governmental agencies with a guide to be used in directing this nation's manpower resources into the channel that will make the greatest contribution toward winning the war.

The first directive issued by the War Manpower Commission instructs the United States Employment Service to prepare and keep current lists of:

1. Essential Activities
2. Essential Occupations
3. Critical War Products

In preparing and setting up the lists of essential activities, the industries and activities normally engaged in by people in this country were carefully examined and studied to determine those which were really essential to the maintenance of our armed forces or essential to the civilian life of the nation. Before any activity can be considered essential, it must meet one or more of the following criteria:

1. Fulfilling a contract of the Army, Navy, Maritime Commission, or other governmental agency engaged directly in the prosecution of the war.
2. Performing governmental services directly concerned with promoting or facilitating war production.
3. Performing a service, governmental or private, directly concerned with the maintenance of indispensable civilian activities, health, welfare, or security.

4. Supplying material under subcontracts for contracts or activities included in 1, 2, or 3.
5. Producing raw materials, manufacturing materials, supplies, or equipment, or performing services necessary for the fulfillment of contracts (including necessary clothing and other supplies required by workers on these contracts) included in the above criteria.

In general, the lists of essential activities which meet these criteria include the following types of industries or activities:

1. Production, repair, and maintenance of all types of combat material.
2. Production of all pharmaceutical chemicals.
3. Production and manufacture of all fuels.
4. Communication services and the production of communication equipment.
5. Basic agricultural activities.
6. Processing or manufacture of basic foods.
7. Production of necessary apparel for the armed forces and civilian needs.
8. Production of selected equipment and machinery used in the manufacture of essential products and maintenance of essential materials and furnishing of essential services.
9. The production of all parts necessary to the proper operation of machines utilized in the production of essential items listed above.
10. Maintenance of facilities needed for transportation of essential goods and of workers in essential activities.
11. Production and maintenance of facilities and services necessary for civilian safety, health, morale, and security.

All local United States Employment Service offices have complete lists of the activities which are considered essential. These offices in recruiting and referring workers for employment are required to accord priority to these essential activities. This simply means that every local Employment Service office in making referrals to jobs must give first consideration to filling jobs in these industries and activities that are considered more essential. This does not mean that the Employment Service office does not serve all types of employers or all types of applicants, but it does mean that it must serve essential activities first.

Recently the War Manpower Commission published a list of non-deferrable activities and occupations. In this list of non-deferrable activities were 36 industries and services. All of the personnel engaged in these activities were declared to be non-deferrable. Also listed were 29 specific occupations. Jobs such as gardeners, night club employees, and hairdressers were declared to be non-deferrable regardless of where these jobs were to be found. The determination that these activities and occupations were non-deferrable was merely a determination that during this war we can get along more easily without fancy glassware and night clubs than without food and tanks.

WAR SHIFTS AMERICA'S MILLIONS*

(Each V symbol equals 1,000,000 men and women)

CLASS	DECEMBER 1941	DECEMBER 1942	DECEMBER 1943
Civilian Industries	VVVVVVVVVVVVV VVVVVVVVVVVVV VVV 29 Million	VVVVVVVVVVVVV VVVVVVVV 21 Million	VVVVVVVVVVVVV VVVVV 18 Million
War Industries	VVVVVVV 7 Million	VVVVVVVVVVVVV VVVVV 18 Million	VVVVVVVVVVVVV VVVVVVV 20 Million
Armed Forces	VV 2 Million	VVVVV 5 Million	VVVVVVVVVV 10 Million
Agriculture	VVVVVVVVV 8¾ Million	VVVVVVVVV 8½ Million	VVVVVVVV 8 Million
Self-Emp. Proprietors Servants	VVVVVV 6 Million	VVVVV 5½ Million	VVVVV 5 Million
Jobless	VVVV 3¾ Million	V 1½ Million	V 1 Million

War is bringing increasingly drastic changes in jobs. 1942 government estimates show war industries employing 17,500,000 men and women, up more than 10,000,000 from a year before. The total will be 20,000,000 or more a year from later. Armed forces, of 5,500,000 or more, are expected to rise to at least 10,000,000. Farm workers, now a little over 8,000,000, had been expected to shrink a little, but increased food requirements may change that.

* From A.P. Features, revised.

Ample opportunity was given to persons in these non-deferrable occupations and industries to shift to other jobs which are more important to the country. Unfortunately there were some people in a great many activities who did not stop to consider whether the activity in which they were engaged might be an essential industry and left their jobs to search for other jobs in shipyards, airplane plants, or ammunition factories. Many of these persons left essential activities in which they were already skilled and went to find jobs in other activities for which they possessed no skill.

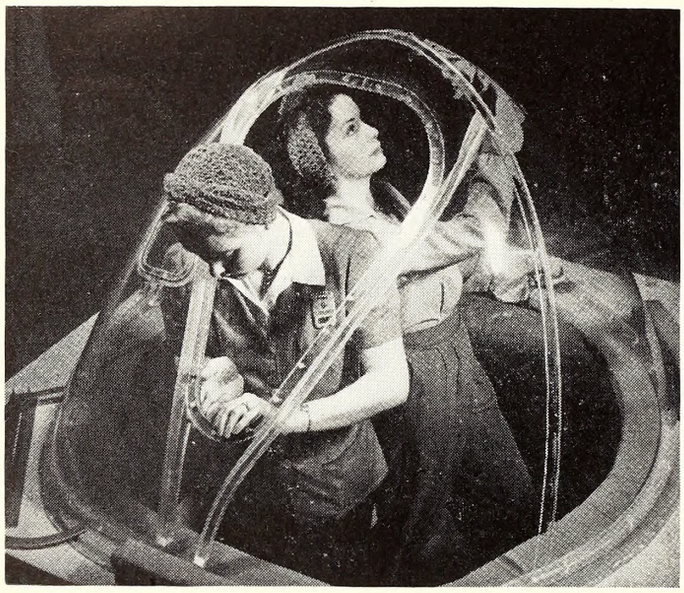
No reason exists for shifting from job to job, industry to industry, merely because a worker feels that the activity in which he is engaged may be declared non-deferrable. All local offices of the United States Employment Service have current information on essential activities that are prevalent in the local area. Before a worker leaves a job to seek another, the Employment Service offices should be able to advise him as to whether he can make the greater contribution in the job he now has or in some other job.

NATIONAL LABOR TURNOVER

It is reported by the Bureau of Labor Statistics that in March 1943 for the country as a whole, the labor turnover could be measured as follows. For every 100 employees, in all manufacturing industries, there were 8.3 accessions and 7.7 total separations, of which 5.4 were voluntary, 1.1 were discharges and lay-offs, and 1.1 represented military inductions. In the aircraft industry, voluntary separations occurred at the rate of 4.7 for every 100 workers; in shipbuilding the rate was 7.1, and in machine tools it was 3.4.

What Can Women Do?

The answer is they can do almost anything. In the past two and a half years, the United States has swung toward total war production. Vast new war industries have created new and crowded communities. Older industries have converted to the uses of war. All agriculture has been keyed to the food-for-freedom program. In the course of this gigantic movement, women by tens of thousands have gone as workers into the war factories. Women have also gone to work in the fields and orchards. To manipulate the machines that produce guns, tanks, ammunition, hundreds of thousands of women who have never been in the labor market before will eventually be holding jobs. A prediction that 50 percent of the workers on these machines will be women is regarded as not overshooting the mark.



Women expertly apply the finishing touches to the nose of a war plane. Photo by Office of War Information.

Most employers and many labor unions in peacetime, and some of both groups even now, oppose the employment of women, largely on the excuses of additional expense, lack of strength of the female worker, breaking up of homes, and just plain prejudice against the idea of women outside the home. But the pressing need of industrial manpower has already exploded most of this opposition. English experience as well as our own, both in the first World War and later, has proved they can do the job. Britain is now using large numbers of women in tank arsenals, where the work is very heavy.

Here, however, tanks and ships are being built mostly by men, and the larger employment of women tends to be in airplane, ammunition, and small arms manufacture, electrical goods, parachute making, precision instruments and similar war industries.

Women form the largest part of "local labor" which war plant employers must employ if disastrous migration, crowded housing, and pirating of workers is to be avoided.

Even larger numbers of them are entering the so-called essential services—ranging all the way from street-car conductors and store-clerks to hospital workers and truck-drivers—and on farms, to replace men who go to war and to war industries. In some rural communities, where shortages have developed, women are being recruited by the United States Department of Agriculture and the Employment Service to help on the farms, to replace the men whom the Great Fortune Teller might refer to as crossing water.

The experience of plants hiring large numbers of women shows they excel in occupations requiring patience, care, and constant alertness, keen eyesight, and perhaps most important, finger and hand dexterity. Many women have the ability to work to precise tolerances.

Women are now used extensively on such manipulative jobs as the operation of drill presses; all types of light sub-assembly and final assembly requiring the use of hand tools; electrical work including wiring and assembling parts, winding coils and armatures, soldering and taping.

In some occupations, such as the operation of light-duty and automatic screw machines, light turret lathes, sheet-metal forming and riveting, acetylene torch welding and electric arc welding, they have shown they can readily and successfully be used.

A survey of occupations in 21 key war industries indicates that women can do 80 percent of the jobs. Even in the ship and boat-building industry, it is found that women can function as boilermakers' helpers, draftsmen, machinists' helpers, blueprint machine operators, and flash welders. And they can be satisfactorily employed in such foundry work as casting cleaners, finishers, polishers, machine core makers and facing mixers.(1)

According to the United States Women's Bureau, women in general have about one-half the average man's lifting strength and about two-thirds of the average man's pulling strength. They are more susceptible to dermatitis and certain other health hazards in the presence of specific chemicals. Some of these limitations can be overcome by special health measures, by lifting machines, and adjustment of tools and machinery. Roller conveyors, pedestal lifts, lower work benches, and new kinds of mechanical aids can be installed.

Unusual activities in which North Carolina women are now engaging are used as subjects of newspaper stories from time to time. Women are manning the police force in Asheville; they are serving as guards at the State Prison; they are driving army cars and jeeps from point to point; they are driving dairy trucks; they are making successful munitions inspectors; they are serving as instructors in airplane mechanics at one of the state's Army Training Commands; more women doctors are now on hospital staffs. In an Elizabeth City plant a group of 200 negro women are making veneer for aircraft.

Labor placements in the state have been showing

(1) For an analysis of the possibilities of women in industry see (Dec. 1942) 55 MONTHLY LABOR REVIEW 1170-1185.

a rapidly increasing ratio of women to men. In addition to taking their places in the specialized war production industries that have recently been developed in North Carolina, women are doing their share in all types of manufacturing plants. For instance, the same combed yarn they helped produce in a textile mill in peace-time, is being turned out today, but for army uniforms instead of for its former destined uses.

A recent survey by the Employment Service covering 420 of North Carolina's largest and most representative industrial establishments indicated that two-thirds of their current production is directed to the war effort. Among the workers in these plants today one in every three is a woman.

N. C. LABOR LAWS RELAXED FOR GIRLS

The Governor, with the approval of the Council of State, has proclaimed that girls between 16 and 18 years of age are now permitted to work as late as ten o'clock in the evening of any day, where formerly they could work no later than nine o'clock. Furthermore, the Commissioner of Labor has been authorized to grant permits for 16 to 18 year old girls to work as late as twelve o'clock midnight in essential war services, when it is found that the employer has provided adequate safeguards for the general health and welfare of such minor female employees. However, the general understanding is that these special permits will be issued only when other employees are not available.

Extended School Services For The Children of Mothers Engaged in War Work

Under the direction of W. F. Credle, state Director of School-house Planning, who was appointed last January to act as administrative head of the program, a full fledged plan is now under way to provide care and instruction, beyond regular school functions, for children two to 14 years old of mothers engaged, or to be engaged, in essential war production activities. Mr. Credle's official title for this undertaking is Chairman, Child Care Committee of the Office of Civilian Defense. Agencies participating in the plan are the State Board of Health, the Works Projects Administration, State Board of Charities and Public Welfare, the United States Employment Service and the State Department of Public Instruction.

Through the use of school facilities, the plan contemplates two types of child care: (1) for pre-school children, ages from 2 to 6 years, it will include an all day program, for a 6 or 7-day week. The daily schedule of a 10, 12, or 14-hour day is to be adjusted to suit the needs of the families served. (1) For children of school age, the program would add an hour or so before and after school and service until 5 or 6 o'clock, or later as work hours require, and on Saturdays and holidays. For children who attend school for half-day sessions, due to crowded conditions, additional services may be needed for a full half day.

This involves of course 12-hour service in the schools, for six days a week, 12 months in the year, as an extension of the regular school system. The whole program is placed in each community under the supervision of the local superintendent of schools.

The Federal Government supplied Mr. Credle with the services for three months of three child-care specialists who have surveyed with him the needs for such extended school services throughout North Carolina.

The greatest need was found to exist in the proximity of the various military bases located in the state. In these localities, ordinary commercial and business enterprises have enjoyed a boom and drawn on most available sources of labor, so that war-production industries in nearby communities have turned to unused reserves of womanpower—often mothers—for their production lines. One of the standards used in measuring need was whether the mother's work is performed for a company operating under a war contract; and in the case of some Negro mothers in domestice service, whether that employment is for workers in war-contract industries.

Typical needs making children eligible for the extended services include the following situations: where a father works nights and must have undisturbed sleep in daytime, where a child is in a motherless home and the father has no way of providing care, where home conditions are such that suitable care for the child is not possible; where father and mother both work and the child is at home alone during out-of-school hours. In determining eligibility on the part of a community to share in this program, justification had to be directed specifically to an explanation of how the war effort would be impeded if the requested services were not rendered.

Extra care of the pre-school type is planned wherever there is found to be a group of 30 or more 2-6 year olds requiring it. In many instances where it is proposed to form such groups, building facilities and equipment not at present available through the public school system may be required. Mr. Credle expects about 100 of the pre-school groups to be established in the state, and contemplates for each group a staff of three teachers, two assistants, and a maid and janitor.

That employers are heartily in favor of the plan is evidenced by the vote of the board of directors of one company to set aside funds for a building to house a pre-school group, such building to be erected

on public school grounds and to be hereafter completely at the disposal of the local school board.

Before and after school programs for children of school age will be set up where there are groups of 100 or more pupils to be cared for. This means opening the doors of the schools before the regular time, depending on the work hours of parents, and keeping them open as long into the afternoons as may be necessary, with qualified teaching staff and recreational personnel in charge.

Mr. Credle is most keenly interested in seeing that all personnel connected with the child-care program meet the best professional standards. A system of special training courses for such positions is being set up.

The funds for this extended school service will come jointly from the individual communities and from appropriations under the federal so-called Lanham Act, or Community Facilities Bill—by a procedure requiring certification of necessity from the United States Office of Education to the combined security agencies. The Federal Government, after approving local plans, agrees to take care of setting up the project, seeing that certain initial overhead expenses are met, and thereafter to meet one-half of the operating costs.

About two dozen North Carolina communities may eventually participate in the program. Up to June, with the exception of Durham, all of those which had been made the Government had accepter, and their projects are already becoming well established. These include Asheville, Burlington, Charlotte, Cherry Point, Cumberland County, Elizabeth City, Fayetteville, Greensboro, Kinston, Laurinburg, Raleigh, and Wilmington.

Plans have also been submitted by Gaston County, High Point, Lexington, Onslow County, Scotland County, and Thomasville. And six additional communities, namely, Erwin, Goldsboro, Mecklenburg County, Monroe, Mount Airy, and Salisbury are likewise interested in obtaining the extended school services.

WOMEN MAY GET SAME PAY AS MEN

Adjustments to equalize the wage or salary rates paid to women with rates paid to men for comparable work may still be made without Board approval under the "Hold-the-Line" Executive Order of April 8, according to the National War Labor Board.

4,500,000 NEW WOMEN WORKERS HAVE ANSWERED CALL TO JOBS

The Census Bureau's most recent estimate shows 15,900,000 women employed in the United States in May 1943, as against 11,500,000 at work two years ago.

LABOR DISPUTES

The United States lost 850,000 man-days during the first three months of this year because of strikes and lock-outs, according to a report of the Bureau of Labor Statistics.

AVAILABILITY OF TEACHERS

Employees of state, county, and municipal governments are not covered by the provisions of the War Manpower Commission's Employment Stabilization Plan, in deference to the principle of State's rights, and, therefore, do not require a statement of availability in order to take jobs with other employers, essential or not, Dr. J. S. Dorton, State manpower director, announces.

Conversely, since state, county, and municipal governments are not covered, they are free to employ any individual from any other employer, essential or not, without a statement of availability from that other employer.

Of immediate application, teachers who desire summer vacation work, are free to accept employment from any local employer without a statement of availability, and, when teachers are ready to quit the summer job and return to teaching, they are free to do so without such a statement.

However, if a teacher desires to move to another area to work, or is not in normal commuting distance of the work he expects to accept, he should have a statement of availability from the United States Employment Service office serving the area in which he resides.

Also, if a teacher starts on one summer job for an essential employer and wants to shift to another essential employer for further work, he is required to secure a statement of availability from the first employer, in order to be available for work with the second employer.

The Federal government, on the other hand, is covered by the provisions of the Stabilization Plan and all of its agencies are required to give statements of availability when laying off workers, or must require such statements of an employee coming from other covered employment.

NUTRITION FOR WORKERS

Suggestions as to how improved eating facilities in war plants can help increase production have been developed by the Women's Bureau of the U. S. Department of Labor, after a survey of 183 war plants. The report points out that the Government has mapped balanced diets for industrial workers and the Office of Price Administration's rationing branch is willing to make allowances for increased food allotments if labor and management will take the initiative and work out mass feeding facilities.

Standards for eating periods for women in war plants include a minimum of 30 minutes' time, a menu that includes hot, nutritious foods at a reasonable price and a pleasant place in which to eat away from the workroom.

The survey revealed that: Thousands of war workers have no hot food during working hours; thousands must eat lunch in 15 minutes; thousands eat in the open, exposed to all weather variations; and thousands eat in unsanitary rest rooms.

"And the results? Lately people have been calling it absenteeism. Personnel offices call it anemia, indigestion, nervous debility, and work lag."

Current factory scenes showing women at work in the plants of the Thomasville Chair Company. Their varied occupations include hooking fabric and helical springs in an Army bed frame, inspecting and packing tent pins, inspecting rolling pins, sanding the rounded end of pin handles, driving dowel pins in Army bed rails, and splicing veneer stock for aircraft.

100,000 WOMEN NEEDED IN 1943 TO REPLACE MEN IN TEXTILE MILLS*

As a result of a recent survey it is estimated that 12 percent, or 153,000 textile workers, are now in the armed services. Because the textile industry employs in normal times more women than men, the 12 percent which has gone into the services is in fact a much larger percentage of the eligibles, being about 25 percent of the men normally employed. In other words, one out of four male employees has already left the mill for active war service. This gives the country about 153,000 soldiers, sailors, or marines who were formerly more familiar with spindles, shuttles, knitting needles or dye vats than with the more sinister machines of modern warfare.

Mobilization continues, and if the armed forces rise to over 10,000,000 men by the end of the year, an additional 8 percent of textile workers, or approximately 105,000 men, will be inducted if the law of averages holds. This estimated group will be replaced almost wholly by women. This replacement will mean the recruiting and training of about 100,000 women in the textile industry during 1943.

*Condensed by Mrs. Viola March of R. & A. Division. From *Textile World*, March 1943 issue.

Labor Reserves---A Message to the Resourceful Employer

BY MRS. ANNE T. FREEMAN, U. S. E. S., SUPERVISOR OF SELECTIVE PLACEMENT

How old's your car, my friend?

Time was when I traded cars every two years at least and rationalized by telling myself it was economical because then I wouldn't have to buy a new set of tires (what are they?). That may sound silly, but I'll bet—if you're honest with yourself—you can remember times when you managed to evolve equally foolish rationalizations to convince yourself that you were making a sensible economical move rather than being extravagantly wasteful. Whether we bothered to smother our real reasons in excuses, or plunged ahead in the careless, much publicized, happy-go-lucky American attitude, we have been an extravagant, wasteful nation. We have been no less wasteful of our manpower than we were of our cars or our food.

It took a war to wake us up. The cars rolling off the assembly lines turned into tanks. The beef, the canned goods, the tires, the shoes, once so abundant, are now obtained in exchange for little tickets—if, and when they're available. The wealth of manpower marched off to the wars or disappeared in ever-expanding production of vitally needed materials.

Does that leave us poverty-stricken? Not much. We may grouse about rationing and shortages, but we're still well-fed. It takes a little more ingenuity to make a tasty dish of stew meat than it does to broil a porterhouse steak, but the dietitians tell us that the nourishment is there. It takes a little more thought to fill a job with a woman or an older worker or one who has some physical disability than it does to fill it with a strapping young buck of eighteen. But it's being done, and the records show that American production continues to increase.

Wasn't it Thomas Edison, a man who overcame great physical handicaps, who said that nature endowed lavishly, bestowing far more than we would ever need in the anticipation that we might be deprived of part of it? As an example, he pointed to the case of the female fish, which is created with an ability to lay millions of eggs. Thousands of the eggs are destroyed in the course of natural events, but there are still plenty left to carry on the species. In the same manner man is endowed with far more than he ever uses in mental and physical abilities. It is not what a man has lost that counts; it is what he has left.

Industry has learned, under the whip of necessity, that there is *no* job that requires a man's total mental and physical ability. Industry is finding that to avoid waste of manpower, the job to be filled can be studied to determine what a man must have in order to do it.

Does the worker sit at the job all day? Then why must he have two sound legs? John Doe has a wooden leg, but his hands are strong and quick, there is nothing wrong with his upper story; his head is clear and clicks, and—beautiful thought—the Army won't take him just as you have taught him the job.

Certain employers have long realized the fact that deaf-mutes make excellent production workers. They are not distracted by machine noises and are incapable of the "socializing" and casual conversation that takes up the production time of other workers. Increasing shortage in the labor market has resulted, in this case, in an increasing number of "smart employers." Net result: a shortage of deaf-mute workers in the face of a greatly-increased demand.

There is, as a matter of fact, an increased demand for workers with various types of physical disabilities. It will grow. And, as usually happens, the pendulum will probably swing too far in the opposite direction. From setting ridiculously high physical standards, the employer, in his effort to keep his plant staffed, will swing to the other extreme and hire physically disabled workers indiscriminately. This is as great a disservice to the handicapped worker as the former policy of barring him from *all* jobs because of his inability to handle *some*.

There is but one intelligent way to go about the job of employing workers with physical disabilities, and that is:

1. Analyze the job. It has long been customary to analyze a job for determining what the job requires in the way of intelligence, skill, and aptitude. Now logically it follows to add to the analysis the physical requirements necessary.
2. Evaluate the worker's qualifications, his *abilities* rather than his disabilities.
3. Put the right worker on the right job.

There are many outstanding examples of the success of using this formula. One automobile manufacturer has utilized as many as 10,000 handicapped workers in his plants. A large Eastern firm employing many workers with physical defects found that the records proved irrefutably that their sickness, accident, and quit rates were considerably lower than those of the physically normal, their production and earnings, just as high. There are some very good reasons for this. The handicapped worker is more serious, more desirous of making good. He is more apt to choose security and a good record rather than job-shopping for higher wages.

To take some examples in our own back yard, these are a few of the handicapped workers the United States Employment Service has recently placed with North Carolina employers:

A tool grinder who has only one leg.

A cost accountant who has lost his left hand.

A girl typist who has an artificial leg.

A slicer machine operator who has defective hearing.

A mica sheeter who has badly crippled legs.

A tool maker who is deaf.

A woodworker who has a deformed leg.

A cloth stamper with a crippled leg.

These are but a few. Every day specially trained

Employment Service personnel assist employers in analyzing jobs and carefully selecting workers with some type of physical disability to fill them.

There's no blinking the fact that some employers still foster the old unreasoning prejudice against hiring anyone with a physical disability. It is largely a matter of ignorance. If one falls into this group, he may need to examine the record; intelligent selective placement of workers with physical disabilities may be at least a partial solution to his problem of obtaining sufficient personnel.

Give this a thought when doing your worrying: There is a labor shortage. Replacements are going to come from the so-called minority groups—women, Negroes, older workers, and the physically handicapped. This is an indisputable fact. These groups, properly utilized, are going to carry on the battle of production. And—properly utilized—they're entirely capable of doing it.

So learn a lesson from nature: when abundance disappears, adequate resources are still left to carry on.

JOB FAMILIES "CLICK"

"The 'Job Family' technique is helping us to beat the axis. And quite possibly historians may rank this vast job-switching effort as equally important to any 'secret weapon' in the arsenal of the United States," is the opinion of Carroll L. Shartle, Chief, Division of Occupational Analysis and Manning Tables Bureau of Manpower Utilization, W. M. C., as told by Lucien Aigner in the July Issue of *Click* magazine.

This article very clearly and concisely discusses the job family technique as applied to the present war situation and as it may apply after the war to reallocate the army of unemployed into peace-time jobs. The way this technique works is further clearly shown in two full pages of illustrations. Even such simple skills as those employed in filing and enameling fingernails, rolling curls, and cutting hair, are useful today, thanks to job families.

After the war these same skills can be utilized again and their owners will be switched from war jobs to peacetime pursuits with little loss of time or lowering of pay. For complete details read the July issue of *Click* magazine.

INDUSTRIAL ACCIDENTS

A series of nine short articles have been prepared by the Office of War Information summarizing the major points of safety education as outlined by experts. These points are important to workers everywhere, and their observance and wide dissemination will aid managements, labor, and the Government in the prosecution of the war.

Job accidents in the United States from July 1940 to January 1945, brought death to 48,500 workers, cost 258,000 an eye, finger, hand, arm or leg, and laid up 5,300,000 for an average of three weeks each. Days of work lost in these accidents totalled 110,000,000—more than 375,000 man-years.

Yet in the first 18 months of war, our announced battle casualties have numbered 12,123 dead, 15,049 wounded; 40,435 missing and 10,628 prisoners of war, a total of 78,225.

WAR PRODUCTION CAN'T BE BLITZED*

Printed and spoken words—the right ones—can be used to increase production. England has proved it and England today has the highest per capita production of any of the United Nations. Her experience has shown that to get results material addressed to war workers must be: (1) truthful; (2) specific; (3) newsworthy; (4) human.

England's war production drives have evolved into broad, coordinated educational programs for *all* war workers. Information rather than inspiration is the keynote. England has found that production should not be a subject for hysteria. Straining for increased output is often followed by a let-down or by increased accidents or absenteeism. A well-prepared and continuous educational program gives the worker a clear understanding of his place in a nation at war. Although production is pushed up more slowly, it can be kept there more consistently and with less danger of bad after-effects.

At the present time many methods are being used in England to build worker morale which could be adapted successfully in American war plants. Informal talks by men back from active duty direct to the workers are more effective than management tours by ordnance and procurement officials. Groups of workers are also sent to visit Fighter-Trainer stations of the R.A.F. as a reward for outstanding work, and they bring back first-hand information about the base and the produce they are making. Broadcast programs of dramatic recordings by pilots telling their experiences, held in the plant during lunch periods, receive favorable response. England has found that the right poster, in the right place, at the right time, has definitely produced results. Production charts have also brought many outstanding results. As a part of the educational program special traveling exhibits have been set up in trailers by various governmental agencies. The plant bulletin board due to shortage of paper has been used to publish a plant newspaper or house organ. Also news of social events and photographs are posted. Films are used extensively in the plants, and it has been proved that music in the plants has increased production.

According to England's experience we have some lessons to learn. We must abandon the constant straining for new competitive incentive schemes which often defeat their own purposes. In other words, war production can't be blitzed! However, England has proved that war industry, government, and military officials working together on a sound educational program can increase per-worker production.

*Condensed by Mrs. Viola March of R. & A. Division. From *Textile World*, March 1943 issue.

Help From Prisoners

BY M. R. DUNNAGAN, U. S. E. S. INFORMATIONAL SERVICE REPRESENTATIVE

North Carolina's released prisoners are going into war work.

Although prisoners released from State's Prison and its prison farms and local prison camps have violated the state's laws and are completing their debt to society, many of them are reentering private life to make definite and valuable contributions to the war cause.

A plan of operation worked out in recent weeks by officials of the Prison Department of the State Highway and Public Works Commission, the State Parole Commission and the United States Employment Service for North Carolina provides for a steady flow of released prisoners into war production and construction work.

This is a two-fold program. In addition to providing workers in production and construction vitally needed in the war effort, it has in it all of the elements of rehabilitating the released prisoners and returning them to a normal and fruitful place in community life.

Records show that in normal times about 1900 prisoners are released from the state prisons and the 60 local prison camps each month. This number is probably much lower now. Many of the releases are of prisoners serving short sentences, 30 to 60 days, and little time is thus provided for handling their cases. However, enough are longer-term prisoners to make the program very valuable in providing a source of vitally needed labor in this time of definite labor shortage.

Many skills, urgently needed in war production, are developed in the State's prison system. In Central Prison, for example, are a machine shop with a capacity of about 40 workers; a maintenance department with a staff of about 25 workers, including plumbers, steamfitters, pipefitters, electricians and other types of skilled workers; a print shop, a sheet-metal shop, a tile plant and other activities closely related to the war program.

In the 60 prison camps in N.C. are many men who operate heavy road construction and maintenance machinery. Thus they are in the skilled classes, while others are trained and reach varying degrees of skills in affiliated operations and tasks.

Since North Carolina is still predominantly an agricultural state, the prison farms in the state penal system are also valuable adjuncts in the agricultural training program. Many of the prisoners are of rural origin, with previous farm experience, and continue farm work while in prison. This experience fits them admirably to take places on farms and aid in the vital "Food for Victory" program.

An adjunct to this training on the job is the program of training inaugurated under the State College Extension Service, Raleigh, by the Division of Vocational Education of the State Department of Public Instruction for inmates of the State's Central Prison. Although in its experimental stage, this program is giving evidence of becoming a very important aid to the war effort.

Under it, certain prisoners are selected, with special care as to their backgrounds, the seriousness of their crimes, their prison records and their general attitudes, to take courses in welding at State College. Their acceptance of the proposed training opportunity is voluntary, but certain valuable inducements are held out to them if they complete the course satisfactorily. The United States Employment Service seeks to place them in essential war jobs. If they are placed, then the Parole Commission, on the basis of their records, releases them, unconditionally if their terms are six months or less; on parole if they have more than six months to serve.

This welding course was started early in the year, operating eight hours a day and five days in the week. It is divided into two sections, each of which can accommodate 12 trainees. The course lasts six or seven weeks, giving the members from 240 to 280 hours of training, which is sufficient to insure them jobs in most plants needing welders.

During the time since the course was started 30 trainees have completed the course and all have been placed in remunerative jobs. Four have been placed in Raleigh, 14 in Wilmington, 8 in Baltimore and 4 in Florida. Naturally, the Employment Service is very careful in its placements of these men. Some should not be returned to their former communities, for obvious reasons.

Prospective employers are informed of their prison records, but they are advised not to inform any except those who should know. When possible, employers or their representatives interview the prisoners at the prison before finally employing them. The Prison Department, for its part, delivers the released prisoners to any employer within the state, but cannot release the men outside the state.

While the Employment Service and the Prison Department have been working closely in dealing with released prisoners for some years, the present plan has just been reduced to writing. Conferences were held earlier in the year with J. Loy Sox, educational director, and J. M. Neese, director of classifications, of the Prison Department, by Joseph W. Beach, clearance supervisor of the Employment Service. In turn, they conferred with William Dunn, Jr., of the Parole Commission. Higher up, the plan was approved by Director Oscar Pitts, Prison Department; Hathaway Cross, Commissioner of Paroles, and Mrs. Gertrude K. Clinton, director of the United States Employment Service for North Carolina.

The educational director makes surveys and keeps current information on all honor-grade prisoners in Central Prison, on the prison farms and in the local prison camps, as to their classifications as skilled, semi-skilled or unskilled. Their records are checked

*Based on a report by J. W. Beach, State Clearance Supervisor, and A. F. Henderson, Interviewer, U. S. E. S. for N. C.

with the superintendent and by the educational director and, if conditions permit, the records are submitted to the Parole Commission, which disposes of each case on the basis of the records and background.

As far in advance of parole as possible, a list of those prisoners who will be paroled is submitted to the state office of the Employment Service, with as much information on training and experience as is available. Local Employment Service offices in areas of the prisons or camps are notified and checked further with the prisoners. Then they develop job opportunities in their areas, and interview prospective employers. Reluctance of employers to hire former prisoners is diminishing as the labor market tightens and more and more workers are demanded.

Conditions in North Carolina lend themselves readily to the employment of former prisoners in three fields: Agriculture, lumbering and construction, in all of which a decided shortage exists now and is becoming more critical daily.

Since many of the prisoners have farm backgrounds or have been employed on one of the state's prison farms, they can step out of prison into jobs on the farms which are pleading for labor.

North Carolina, under normal conditions, is probably the largest lumber producing state in the Southeast. Many sawmill and logging units are now operating with reduced staffs and need any workers available, in order to produce the lumber required for war commodities.

Although North Carolina is not producing war goods extensively, except in the case of textiles, this state has had some very large construction jobs and others are just getting under way. Even though the new contracts are on the decline, many more workers than are now available can be used during the coming months.

Honor grade prisoners are thus given opportunity to secure their freedom up to six months earlier than they would normally. This possibility contributes to rehabilitation and morale, while industries and activities in urgent need of workers are enabled to tap another, even if a small, supply of labor.

Although this plan refers primarily to honor prisoners eligible for consideration for parole or pardon, it also applies to the much larger group of prisoners who are released upon completing their sentences.

POST-WAR HOUSING TO AID EMPLOYMENT

Declaring that a large scale post-war housing program would be "an important instrument for attaining full employment and full production after the war," National Housing Administrator Blandford told a group of housing officials that such a program will not materialize unless all groups concerned with housing begin realistic planning now. An annual volume of a million to a million and a half new homes a year would provide direct or indirect employment for two to three million workers as well as an annual outlet for several billion dollars of investments. The N. H. A. head added that such a program could be an "important instrument for attaining full employment and full production after the war."

HAVE YOU SEEN:

Report of the Commission on Post-War Training and Adjustment; A Statement of Principles Relating to the Educational Problems of Returning Soldiers, Sailors, and Displaced War Industry Workers (Institute of Adult Education, Teachers College, Columbia University, New York, 1942. 54 pp.) Three chief groups need attention—the war-disabled, demobilized men and women in normal physical condition, and displaced war-industry workers. A fourth group, youth just entering the labor market, will also need help; likewise will the Negro, the largest minority bloc in our population, and other minority groups. The Commission emphasizes its belief in a decentralized administrative system, federally financer, and recommends the use of state machinery to channel the flow of funds and regularize procedure.

Agenda for a Post-War World, by J. B. Condliffe (W. W. Norton & Co., Inc., 1942. 232 pp.) Chapter Headings: A Democratic Peace; Stages of Reorganization; Political Basis of Economic Cooperation; Meaning of Social Security; Disposal of Agricultural Surpluses; Debt Dilemma of Commercial Policy; Long-Run Objectives; and Illusion and Reality. Behind the demand for social security that accompanies every important announcement made today regarding peace aims lies a vivid memory of the failure to achieve economic adjustment and stability between 1918 and 1939. A vast and complex series of economic maladjustments and disequilibria had developed within each country and many different counties; each national economic system had developed independently . . . At the close of this war, there will again be profound maladjustments and disequilibria, both national and international . . . A possible and even promising line of approach (to a solution to the problem) may be summarized as an attempt to utilize national monetary and fiscal policies to sustain employment, while achieving progressive correction of price-cost maladjustments through encouragement of new employment opportunities.

Internal Migration and the War, by Henry S. Shryock, Jr. (Journal of the American Statistical Association, Volume 38, Number 221, March 1943, pp. 16-30). During the past few years, workers and their families have migrated in such large numbers to centers of war production that serious problems of housing, transportation, health, and education have been created. Separate consideration of internal migration as one of the components should afford a better understanding of these problems. Available data limit the consideration mainly to net migration for states and an approximation of net migration for counties . . . The shifts in populations since 1940 cannot be described simply as rural-to-urban migration, since almost one-third of the metropolitan counties lost civilian population. It appears rather that movements were primarily to industrial areas active in war production or to scattered rural counties containing army camps or newly erected war plants. According to WPA sur-

(Continued on Page 127)

Manning Tables and Replacement Schedules

BY BLANCHE LANCASTER, OCCUPATIONAL ANALYST, USES FOR NORTH CAROLINA

MANNING TABLES

A Manning Table, as the name implies, is an orderly system for recording and supplying manpower. Since the War Manpower Commission has been charged with the responsibility for determining the proper balance between military and essential civilian activities, it has called upon employers to furnish it with complete plant personnel analyses. It proposes to "leave in industry the irreplaceable worker and to allow employers time to procure and train replacements for those who are taken into the armed forces."

The employers have been called upon to furnish the exact number of workers in their industries, listed according to the kinds of work done and the time required to train a worker for each job. The manning table gives the number of workers employed on each job, shown by age, sex, marital status, and whether jobs are suitable for women or handicapped workers, or whether jobs can be filled by transfer, upgrading or job breakdown within the plant. (For purposes of the manning table, the suitability of jobs for women is based on the physical strength required—limited to lifting not over 35 pounds, not requiring sustained physical effort, continuous lifting, pushing, pulling, crawling, stooping, or kneeling.)

This orderly listing of jobs in the form of a manning table, not only furnishes the War Manpower Commission with information, but also gives an employer a blueprint of his own organization. By such an orderly inventory of workers, management can determine how efficiently a plant is utilizing its working force and how adequate are its programs for training, upgrading, and promoting employees. This inventory will provide each employer, in many cases for the first time, complete information about the personnel in his plant.

All employers "whose plants are engaged in at least 75 per cent war production or who are performing some essential service such as are the public utilities, the railroad, etc."—are privileged to participate.

The Manning Table Form, Schedules A and B are given below.

MANNING TABLE—SCHEDULE A

Line No.	OCCUPATIONAL IDENTIFICATION DATA			Minimum Training Time ( )	PRESENT NUMBER EMPLOYED				
	PLANT JOB TITLE	OCCUPATIONAL DICTIONARY JOB TITLE	Dictionary & Plant Code		WHITE		OTHER		Total
					Male	Female	Male	Female	
	1	2	3	4	5	6	7	8	9
	PRODUCTION LATHE DEPARTMENT								
1	Foreman	Foreman II	5-92.768	5000	2 1 0	0	0	0	3
2	Lathe Hand (1st class)	Engine Lathe Operator I	4-78.011	2400	15 7 0	S	0	0	22
3	Lathe Hand (2nd class)	Engine Lathe Operator II	6-78.011	600	46 20 0	S	0	0	66
4	Drill Press Operator	Sensitive-Feed Drill Press Operator	6-78.083	400	1 0 0	1 0 0	1 0 0	0	3
5	Saw Operator	Band-Sawing Machine Operator	6-78.611	200	2 0 0	S	0	0	2

MANNING TABLE—SCHEDULE B

Line Number	PERCENTAGE		Job Filled by Handicapped Workers	Job to be Re-engineered (Job Breakdown)	ADDITIONAL FUTURE LABOR NEEDS												
					SUPPLIED FROM WITHIN PLANT		RECRUITED FROM OUTSIDE PLANT										
							Monthly Requirements					Maximum Needs		Minimum Experience Required			
	By Dept.	By Plant			Upgraded	Transferred	Current Month	2nd Month	3rd & 4th Months	5th & 6th Months	Total 6 Months	Number	Date	Same Experience	Related Experience	Vocational Trainees	Inexperienced
	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26
1	3.1	1.3	0	0	1	0	0	0	0	0	0	0	7-43	0	0	0	0
2	22.9	9.2	0	X	8	0	0	5	3	0	8	8	7-43	1	7	0	0
3	68.8	27.5	0	0	7	0	3	15	10	0	28	49	7-43	0	0	28	0
4	3.1	1.3	X	0	0	0	1	0	0	1	2	3	7-43	0	0	1	1
5	2.1	0.8	0	0	0	0	0	0	0	0	0	1	7-43	0	0	0	0

Detailed instructions for preparing these tables can be obtained by writing to the Regional Director of the War Manpower Commission. Employers in North Carolina will write to: Regional Director, War Manpower Commission, Room 405, Arlington Hotel Building, 1025 Vermont Avenue, N. W., Washington, D. C.

The responsibility for the preparation of the manning table rests with the employer, since its preparation is primarily for the employer's benefit. The United States Employment Service is authorized to give assistance, chiefly in converting lay job titles to the standard titles of the Dictionary of Occupational Titles. If these jobs are not converted to standard titles, complete job descriptions must be prepared for each job.

Employers desiring assistance should call upon their local Employment offices (or consult their nearest area or regional War Manpower Commission Office.)

REPLACEMENT SCHEDULES

Manning Tables are not to be confused with Selective Service replacement schedules which are ordinarily based upon data from the manning table. A replacement schedule may be prepared without a manning table to serve as an immediate basis for scheduling men for induction by the Selective Service Boards. These schedules are made every six months and an employer may be required to complete a manning table before his second replacement schedule is accepted by the Selective Service Board.

A replacement schedule consists of two parts: A replacement summary and a replacement schedule.

The replacement summary lists all jobs by plant departments, the order of listing conforming to the manning table, if one is prepared. Opposite each job the employer will list under the following headings the total numbers of workers engaged:

(a) Number of women
(b) Number of men not to be considered for replacement
  (1) Men with minor children
  (2) Physically unfit
  (3) Over thirty-eight
  (4) Under eighteen
(c) Number of men to be considered for replacement
  (1) Single men
  (2) Married men without children

The replacement list will carry the names of only those men under the heading "Number of men to be considered for replacement," which will be only single men and married men without children who are within the age groups liable, or who will become liable within the next six months. Others may be listed as the Selective Service orders.

These names are to be listed in each department or operating unit in the order in which they are to be replaced—those who are to be replaced in the first month, listed first, etc., according to the training time required to replace them and their order numbers as given them by Selective Service. After these schedules are accepted by the State Director of Selective Service, they are used by the local boards in cooperation with the War Manpower Commission in facilitating an orderly transfer of manpower from civilian to military activity.

Details of the replacement schedule plan may be obtained by writing to the State Director of the Selective Service System, Raleigh, North Carolina.

Some comments from large employers indicate that the plan of using manning tables and replacement schedules is working very effectively. One company states that it "had to deal with three or four hundred Selective Service Boards and where it had to make blind guesses on possible inductions before, it now knows how many men are scheduled for replacement at any given time and can make definite recruitment plans."

Another states, "For the first time since we have been in operation, we actually know just what our personnel and job picture is and have a good idea where corrections can be made to get fuller utilization of manpower and equipment."

ANNOUNCEMENT

Every worker should fully understand the requirements of the War Manpower Commission's Employment Stabilization Plan. Here is one important rule to remember: All in-migrant workers those who move from one locality to another for new work, cannot and will not be employed in any new job, whether essential or not, *unless* they carry the proper *referral card* from the United States Employment Service office in the city in which they are currently or were most recently employed. Any worker who goes to another locality for employment and who does not have such a referral card, will probably be required to return to the U. S. Employment office in the city in which he was last employed for the necessary information. Remember, if you plan to change jobs, always consult the U. S. Employment Service for advice before you make *any* move.

HAVE YOU SEEN?

(Continued from Page 125)

veys of migrants into about 50 cities of 25,000 or more inhabitants during a period of roughly one year, beginning October 1940, the migrant workers were characteristically young persons; in nearly half the cities the average age of all migrant workers was less than 30 years and in no city does it rise as high as 35 years. White males seemed to have formed a larger proportion of the migrant workers to defense centers than would be expected on the basis of their proportion in the labor force. In most areas fewer than 5 percent of the migrants are Negroes, and, even in the South, migration rates for Negroes are much lower than for whites. This condition contrasts sharply with experience in World War I, when a large scale migration of Negroes to northern industrial centers took place.

Publications The Unemployment Compensation Commission of North Carolina

Biennial Report, 1936-1938.

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Annual Report, 1937. (Mimeographed.) Out of print.

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Unemployment Compensation Law as amended (1943).

Employment Security News (mimeographed—weekly), started in 1936 by the North Carolina Employment Service. Now issued jointly by the Unemployment Compensation Commission of North Carolina and United States Employment Service.

North Carolina Employment Security Information, Volume I, Numbers 1-12, 1941. (Discontinued.)

U. C. C. Quarterly, Volume 1, Nos. 1, 2, 3 (1942-3)

Regulations (mimeographed).

CIRCULARS AND FOLDERS:

Benefit Payments for Partial Unemployment.

Employer Experience Rating in North Carolina.

Information for Workers about Unemployment Compensation.

Social Security in North Carolina (Annually prepared schedule of various services and payments).

Compilation of Social Security Laws in North Carolina (mimeographed).

Employment Security Figures for North Carolina by Counties, January, 1937 through June, 1941 (mimeographed).

Funds Distributed in North Carolina by Counties through Eight of the Ten Divisions Under the Social Security Act (mimeographed).

POSTERS:

Employer's Certificate of Coverage and Notice to Workers.

Notice to Workers—Partial Benefits.

STATISTICAL REPORTS:

(Current series, mimeographed.)

Business Activity in North Carolina as Reflected by Movements in Selected Indicators—Current Trends (monthly).

Number and Amount of Benefit Payments, by Office (monthly).

Summary of Claims Activity (monthly).

Summary of Local Office Operations (monthly).

Weekly Summary of Initial and Continued Claims Taken, Benefit Checks Distributed and Placements Made, by Office.

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Retail Trade—From Sales Clerk to Customer

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Regular Contributions in each issue from the

UNITED STATES EMPLOYMENT SERVICE FOR NORTH CAROLINA

Agency of the War Manpower Commission

Cover illustrations represent typical North Carolina industries under the unemployment compensation program.

Cover for Spring 1944—Retail Trade—From Sales Clerk to Customer. Photograph by Germino, Herald-Sun Papers, Durham, N. C., taken through the courtesy of Ellis Stone & Co. The largest group of employers contributing to the Unemployment Compensation Fund in this state are the retail merchants. In 1943, the Commission handled 2,532 active employer accounts in the industry group classified as retail trade. So insured against loss of their jobs were some 50,154 workers.

Although the usual industry feature article is omitted from this issue of the U. C. C. QUARTERLY, the study on "Extension of Unemployment Compensation Coverage to Employers of One or More Workers" chiefly concerns a much larger group of retail merchants who at present are not subject to the U. C. Law in North Carolina.

Sent free and upon request to responsible individuals, agencies, organizations and libraries. Address: U. C. C. Informational Service, Raleigh, N. C.

CONTENTS

Present Status of State Planning, By Capus Waynick 34

Extension of Unemployment Compensation To Employers of One or More Workers 35

Review of Business Trends, By S. F. Campbell 39

An Explanation of the Word "Voluntarily" as Used in Connection With a Disqualification for Leaving Work, By C. U. Harris and Ralph Moody 43

Notes on U. C. C. Operations 45

- U. C. Fund Has Benefited 300,000
- Veterans Urged to Apply for Jobless Insurance
- Payroll Tax Reductions
- Wage Record Accounting
- U. C. C. Benefits Denied to 619 Cooleemee Workers
- Special Research Studies
- Voluntary Contributions to Employer Reserve Accounts
- Analysis of Employers Covered By U. C. Law

The Unemployed 50

Disability Insurance, By B. S. Sanders 51

North Carolina Plants Continue to Win Awards 53

Neither Too Young Nor Too Old 56

The Switchboard as a Battlefront 57

Civilian Awards 58

PRESENT STATUS OF STATE PLANNING

By CAPUS WAYNICK, *Chairman, U.C.C. Advisory Council; Member, State Planning Board.*

The two public agencies that have the most poignant interest in what the State Planning Board may do are the U.C.C. and the U.S.E.S. Both concern themselves with the insistent, human problem of a livelihood for the average citizen. Liberty without a meal ticket is an empty principle. Man does not live by bread alone but he doesn't live at all on the earthly plane long without bread or its equivalent. For most of us, therefore, a job is the thing—a chance to work under reasonably pleasant conditions, steadily earning a living.

One of the first considerations of all planning must be the development of that kind of job for everybody who wants it. State planning must keep job-development and job-maintenance constantly in view as a primary objective. These two state agencies, therefore, not only will watch the progress of the State Planning Board with keen interest, but they will assist it with accumulated data about employment conditions in the state before the war and at the present time. These data are essential raw material for both the prophet and the designer of post-war conditions.

The State Planning Board, authorized by the 1943 General Assembly, is just now getting well underway with its work. It made an abortive start under a chairman who had to surrender the responsibility. That caused the postponement of the selection of paid personnel, and not until April 1 did the managing director assume his post. That official is Felix Grisette, of Chapel Hill, drafted from the C.E.D., an unofficial agency which is trying to prepare private enterprise for the shocks of peace. Fortunately, the planning board executive's immediate past work was good training for his new service.

Mr. Grisette is set up now in the Alumni Building at Chapel Hill with clerical help but without his assistant director. In the short time he has been on the job he has developed a clear statement of functions and policies for the board that are consistent with the legislative directive and the board has adopted the proposals.

The April meeting of the board authorized the staff to concentrate in the ensuing few months on three undertakings: 1. Make a study of the building needs of state institutions, with the advice and help of trustees and directors. 2. Make an analysis of the North Carolina tax structure for use in promotion of new industries. 3. Cooperate with local planning boards and commissions.

The board has expressed the belief that there are five broad fields of activity in which it properly may function: 1. Public works planning. 2. Industrial planning. 3. Agricultural planning. 4. Tourist and travel planning. 5. General improvement planning. That final item suggests a statue to the unknown god, but the board is somewhat more specific about it. "General improvement" is defined as beneficial

effects on problems of education, public health, public welfare, recreation and culture.

Obviously the accepted province of the Planning Board is wide, but it has declared an immediate purpose not to scatter its shots. What work is done therefore, in the ensuing months before the next legislature meets, is likely to be confined to a narrowly limited portion of that comprehensive province.

What can State Planning do to make jobs against that unknown future day of military and war-industry demobilization? It can do something, of course, by having ready well-considered proposals, if not actual plans and specifications, for public buildings and other public structures. That kind of service is important, but the expenditure of public funds to create work opportunities is at best a self-limiting device for the post-war years. Planning must go further. We must find some way to use our expanded production equipment to produce the kind of merchandise that will enrich living while furnishing jobs for those who need them.

The State Planning Board has an analysis of the industrial state furnished through the work of Dr. Howard Odum's staff which may become the first publication of the new board. It is rich in suggestion and it might prove to be of tremendous importance through stimulation of industrial effort in the state. An idea based on understanding of present conditions is a tremendous creative force. That report is full of such ideas.

RECOMMENDED READING*

(Look to Shelter For a Rainy Day)

Unemployment compensation benefits paid in North Carolina during past months have been the lowest in amount since the system was started. It doesn't take a genius to figure the reason. Anybody who wants a job has it.

And now while everybody has one or can step a few feet and get one, there is a little fable they should read again. It is the story of the grasshopper and the ant.

The wartime boom will not last forever; the sun of an artificial prosperity will have to set some day. Only a fool would disregard the warnings of the Great Depression.

*From an Editorial in the *Charlotte Observer*, 1943.

Extension of Unemployment Compensation Coverage to Employers of One or More Workers*

A SUMMARY OF EXPERIENCE IN THIRTEEN STATES WHERE PRESENT COVERAGE IS THAT OF ONE OR MORE WORKERS

The reported experience of thirteen states where unemployment insurance covers employers of one or more workers adds up to a total of evidence overwhelmingly in favor of such full coverage. Limited coverage, as that of employers of eight or more workers, is revealed as an administrative, a social and an economic handicap.

The thirteen states concerned are Arkansas, Delaware, the District of Columbia, Hawaii, Idaho, Massachusetts, Minnesota, Montana, Nevada, Pennsylvania, Utah, Washington, and Wyoming. These include states both large and small, whether on the basis of population or geography, and states that are predominantly agricultural as well as two large industrial commonwealths. Yet, regardless of such differences, their answers to questions with respect to full unemployment compensation coverage bear close parallels.

The questions on which these thirteen states were asked to give such information as they could are as follows:

1. What administrative difficulties have you encountered in administering your coverage provision as it applies to employers of fewer than eight workers?
2. How many of your employers employ (a) fewer than eight workers; and (b) more than eight workers?
3. How many workers are employed by employers of (a) fewer than eight; and (b) more than eight?
4. Do the contributions from employers of fewer than eight meet the benefit liability of the workers of such employers?
5. What have been the economic effects of extending coverage to employers of fewer than eight? More specifically, is there any evidence that the extension of coverage to include such employers forced any of them out of business?

The concensus of opinion recorded in the replies indicates:

(1) Administrative difficulties are overshadowed by administrative advantages.

(2) For the thirteen states, 77 percent of all employers employ fewer than eight workers, and 23 percent employ more than eight.

(3) For the thirteen states, 13 percent of all covered workers are employed by units with fewer than eight; and 87 percent by units with more than eight.

(4) On the whole, contributions from employers of fewer than eight more than meet the benefit liability of their workers, with a good margin of contributions over benefits. Individually, there is considerable difference in this respect as between employers in different industry groups.

(5) All states are in agreement in reporting no

*A report prepared for the State Advisory Council, U. C. C. of N. C.

unwholesome economic effect on small firms which can be charged to unemployment insurance coverage. On the contrary, several states emphatically point to beneficial economic results.

Some of the more important facts developed by the inquiry deserve mention. Specifically with regard to the questions put, the answers received may be summarized as follows:

ADMINISTRATIVE DIFFICULTIES

Most of the states in which a comparison is possible recognize some difficulties in administration, but in practically all cases these are such as might be expected to arise during the early period of any new program, and which may be expected to disappear as employers become familiar with the routine of making reports.

Such difficulties as inadequate record keeping by small employers, delinquent reports, a higher mortality rate among small establishments, and additional auditing and paper work are mentioned by some of the states; and yet are denied by others as being any more of a problem to extended than to limited coverage.

It appears obvious from the reports that for at least a time the extension of coverage results in an increase in the total cost of administration, but at the same time results in an actual reduction in the unit cost per employer. The increase in total cost may be offset eventually, by the reduction in the expense of liability determinations.

The potential increase in administrative cost is not raised by the inquiry; however, one state furnishes data indicating that while coverage is increased 22 percent, the unit cost per 100 employers is reduced by 46 percent.

See Appendix A for *excerpts from reports.*

INCREASE IN NUMBER OF COVERED EMPLOYERS AND OF COVERED WORKERS

The thirteen states involved in the inquiry represent some 367,700 employers and 6,827,280 covered workers. Although there are many statistical differences in the figures as between states, such differences are immaterial for the purpose of the present inquiry and do not affect the conclusions to be drawn from it.

UNEMPLOYMENT COMPENSATION COVERAGE OF EMPLOYERS OF ONE OR MORE WORKERS

STATE	Number of Employers With				Workers Employed by Employers With			
	Fewer Than 8 Workers	% of Total	8 or more Workers	% of Total	Fewer Than 8 Workers	% of Total	8 or more Workers	% of Total
Arkansas	14,277	79	3,743	21	32,467	13	220,183	87
Delaware	3,151	70	1,368	30	9,470	8	108,373	92
D. C.	12,000	71	5,000	29	50,000	17	250,000	83
Hawaii	4,000	77	1,195	23	9,000	10	81,000	90
Idaho	7,780	84	1,506	16	13,679	12	96,475	88
Massachusetts	54,000	75	18,000	25	270,000	16	1,450,000	84
Minnesota	16,538	67	8,269	33	97,500	15	552,500	85
Montana	7,500	75	2,500	25	24,000	20	96,000	80
Nevada	1,692	63	989	37	4,395	11	33,862	89
Pennsylvania	124,000	80	31,000	20	280,000	10	2,520,000	90
Utah	5,191	72	2,000	28	12,441	11	105,935	89
Washington	30,000	79	8,000	21	90,000	20	370,000	80
Wyoming	3,200	80	800	20	10,000	20	40,000	80
Total	283,330	77	84,370	23	902,952	13	5,924,328	87

The full coverage in the thirteen states places 283,330 covered units in the group of small employers, and 84,370 in the group employing eight or more workers. Similarly, the number of covered workers employed by the smaller firms is given as 902,952, and the number working for employers of eight or more as 5,924,328.

On this basis, any state which plans to extend its coverage from the minimum provision of employers of eight or more workers to include the smaller employers of fewer than eight workers, may expect its program to embrace over three times as many employers as before, and 15 percent more workers.

ADEQUACY OF CONTRIBUTIONS TO MEET BENEFIT LIABILITY

Four states express the emphatic opinion that contributions from small firms are more than adequate for benefit payments insofar as experience to date is concerned. One state estimates that contributions are adequate in 80 percent of the cases. But for most of the states, the recent period included in extended coverage is regarded as an insufficient basis for determining the adequacy of employer reserves for units with fewer than eight workers. It is generally recognized that the solvency of an employer's reserve account is related less to the number of workers employed than to the nature of his business and other factors.

It appears that a much higher proportion of the accounts of small employers are likely to become eligible for lower tax rates under employer experience rating plans.

One state reports a higher, and one a lower proportion of small as against large employers with overdrawn accounts. In either case, the amounts overdrawn by the larger employers are many times greater than the insufficiencies of the small accounts.

See Appendix B for *excerpts from reports.*

ECONOMIC EFFECTS OF FULL COVERAGE

No state gives any evidence to show that extended unemployment compensation coverage, while levying a tax on small employers, operates in any case to force such an employer out of business. All states express the view that the extension of coverage has no unwholesome effect on small business. Rather, the reverse result seems to follow. Statements in the reports emphasize that extended coverage has been especially beneficial to the small employer: (a) It removes any charge of discrimination among employers and improves business relations; (b) It enables employers to obtain a better class of workers; (c) As unemployment compensation operates to maintain consumer purchasing power, it has a greater practical value to the smaller employers.

See Appendix C for *excerpts from reports.*

APPENDIX A—ADMINISTRATIVE DIFFICULTIES

"Getting employers having fewer than eight employees to keep accurate records and make reports promptly."

"The experience of this Board in administering coverage to employers of one or more workers is as follows:

A. It is necessary to maintain a large field staff to instruct employers in filing reports, secure verified information and follow up ignored debit memos before prosecuting on violations.

B. Inaccurate remittances submitted result in a large number of debit and credit memoranda.

C. The increased delinquencies require a larger legal staff to enforce collections.

D. The number of employers going into business and retiring from business, coming active or inactive, changes of ownership are more numerous. To maintain control of this situation a regulation is necessary to require 'no employee reports'."

"We have encountered no particular administrative difficulties except that the mortality rate of small businesses is much higher than that for the larger organizations. This to some extent increases administrative costs. The bookkeeping of small businesses generally is not very good; therefore, we have experienced some difficulty in obtaining accurate reports. Also, the delinquency rate for small employers is considerably higher than that of larger employers."

"It is our opinion that a straight one or more coverage creates fewer administrative problems. We have had very little difficulty. It is true that there is a tendency for the small employer to be delinquent, and in numbers of delinquent accounts, the small employer, should your law be changed, will irritate your collection people. On the other hand, amounts involved are hardly worth considering. As time goes on you will find the small employers reporting more promptly. At least that is our experience. The small employers are honest, and after you have given up on an account, payment will be made. We have had payments of delinquent employer accounts made by employers who have lost their business in a commercial failure and have gone out to work for another employer, lost their jobs, have become eligible for unemployment compensation benefits, and have paid their old delinquent employer tax out of their benefit checks. We feel that we have less trouble with the small employers than we would have in trying to explain to workers ineligible because their employers did not employ sufficient other men to become subject, than we have through the minor collections. Administrative difficulties of a one or more law are largely due to careless bookkeeping methods on the part of the small employer. It is a little more difficult to obtain wage reports and to make collections. The small employer, going broke, is prone to leave the state and it is hard to get in touch with him to obtain wage information. Correspondence is increased tremendously."

"The administrative task, in some of its aspects, has been intensified with respect to small employers. Both reporting delinquency and turnover in employer accounts are relatively greater among small employers than among those with larger payrolls."

"We haven't experienced administrative difficulties in connection with administering the Employment Security Act as it applies to employers with fewer than eight workers. However, we have had to increase our staff in efforts to obtain complete coverage of all employing units which should be subject to the act. The turnover in employing units is considerably greater among small employers. It is believed that it costs as much or more to carry the account of a small employer, than a large employer; but of course the larger the employer, the greater the work would be in processing wage reports."

"We have not found any very substantial administrative difficulties in applying the Law to the employers of fewer than eight workers. The most substantial difficulty is in connection with the securing of reports. The occurrence of report delinquency in the case of the smaller employer is more frequent than with the larger employer. Our normal expectation of report delinquency at the end of the reporting period for employers of eight or more was 5%. Our present experience with all employers including the "one or more" is 9%. Apparently about the same proportion of employers respond to first notices of report delinquency. Roughly, 50% of the reports come in in response to the delinquency notices. Our experience with the employers of eight or more was identical.

"Of course the number of births and deaths is considerably higher among the smaller employers and hence our account change load has very materially increased. Nevertheless, we have not found this a substantial problem. The whole answer in connection with obtaining reports and the money due thereon, as we see it, lies in a speedy follow-up on report and money delinquency.

"We were particularly fortunate in having established a rather complete file with respect to non-liable employers well before we undertook the new coverage. Several weeks before the date the new coverage commenced, this file was thoroughly combed and checked against records of our State Workmens Compensation Department and the Bureau of Internal Revenue Federal Insurance Contributions Tax Records. We were thereby enabled to establish about 90% of our new accounts from information received by mail. The balance had to be obtained by field contact. All this was done between July 1, the new coverage date, and September 30. Thereafter in October and November, we put on a concentrated house to house campaign, having first supplied our field men with a list of the newly activated accounts in their areas. Calls were not made on any firm for which we had an account established. At the same time considerable publicity was released through the newspapers, radio and any other suitable available channels. A great deal of future difficulty can be avoided if a thorough-going job of establishing the new accounts is done in the beginning. We were able to complete our full action on the new accounts within five months from the date the coverage started. Particular attention should be paid to planning in this respect.

"We in this state are quite pleased with the way the coverage of "one or more" was accepted by the employers. The proposal went through our legislature with practically no opposition and no serious objections were subsequently voiced. A complete "one or more" coverage presents some advantages over the payroll test, or weeks test of employment in that we are no longer faced with the necessity for making liability audits or quibbling with the employer over exact payroll counts or amounts in a given week. When our Field Advisor walks into the employer's place of business, the only question to be determined is whether or not the employment is subject employment. Although the time saved in liability audits probably does not equal the increased effort in securing reports from the small employers, we are completely in favor of complete coverage rather than the use of some qualifying test to eliminate the short time employment. At the time we adopted the extended coverage, we also adopted an exclusion for "casual labor" which is quite similar to that used by the Federal Social Security Acts. This serves to eliminate a great deal of the intermittent employment which otherwise would be covered. Our coverage is practically identical with that of the Federal Insurance Contributions Act and we find this advantageous. Aside from the matter of convenience to the employer, we find ourselves better able to police our accounts by direct clearance with the Collector of Internal Revenue on all account changes.

"We also adopted into our statute at the same time, a provision for summary collection of contributions including in the procedure a provision for an administrative hearing of disputed assessments similar to that provided for benefit denials. Had it not been for this summary procedure and the allied hearings procedure, we would not have been able to handle the "one or more" coverage so easily. There are so many cessations in small business that a rapid collection remedy must be afforded. Civil suit will not do because it is too slow. The provision for administrative hearings is desirable because it permits the small employer to present his case at little cost. Defense against a civil suit is not a desirable remedy for the small employer who can ill afford the action. Provision is, of course, made for appeal to the courts."

"The smaller employer cannot afford to maintain the payroll records in a manner comparable with the larger firms and, for this reason, some difficulty has been experienced in field audits. It is our observation that the changes in ownership entity are more frequent among smaller businesses."

"We find that the majority of employers of fewer than eight workers fail to keep good records and are usually slow in submitting reports."

"The problem of seeking out small employers was simplified greatly through the cooperation of the Regional Representative of the Social Security Board, who obtained from the Bureau of Old Age and Survivors Insurance, the complete list of their covered employers in the state. This material was invaluable to us in carrying out the program. Much time and effort was spent during the time when the status of employers of one was being examined to educate them in their responsibilities and in the requirements of the law. In most cases, a field agent of the Division went to the small employer's place of business to get the information necessary to determine his status and to instruct him in the things he must do to comply with the law. By following that procedure many of the difficulties that were anticipated have failed to materialize.

"The problem involved in determining subjectivity of an employer are not as difficult when employers of one are subject as they were when the coverage was extended only to employers of eight or more. Under the broader coverage, it is necessary to determine only that the employer had some one in employment for some day in each of twenty weeks. There has been some difficulty, however, among the professional groups where one individual works for more than one professional man. This problem has been simplified somewhat, by getting one of the individuals in the group to accept responsibility for the taxing and reporting requirements and declaring him to be subject to the law.

"It does not seem to be any more difficult to enforce the contribution and reporting requirements with small employers than it is with employers of eight or more. The difference between the two groups in the percentage of delinquency for reports or money, is very slight. For the most part, the small employers are paying their contributions on time and their reports as rendered are reasonably correct.

"There is a much greater percentage of mortality among small employers than among large ones. Currently much of this is due to the war. Employers are drafted and close their enterprises for the duration. Many others have sold their businesses or closed up and entered defense work for the duration. Others just enter business for awhile, fail to make a go of it and close. This percentage of mortality does not create a new administrative difficulty, but it increases the amount of work necessary to be done in the maintenance of employer status records.

"A rather annoying situation which exists, is the tendency of small employers to file with us material that has no connection with unemployment compensation. When quarterly reports are due, we also receive such material as OASI reports, withholding tax reports, Federal and State Income tax reports, OPA ration forms, etc., with payments if any is required. Generally such material is re-routed to its proper destination and the employer is notified to that effect."

APPENDIX B—ADEQUACY OF CONTRIBUTIONS TO MEET BENEFIT LIABILITY

"Considered as a group, the answer to this question is yes, and if treated individually, the answer is no."

"Currently the contributions of employers of four, five, six, or seven workers are sufficient to meet the benefit liability of such employers. As a matter of fact, many of them are enjoying a reduced rate in 1943 because of their experience since 1939. This also may be due to war conditions since benefit payments for the years 1941 and 1942 were far below normal. Since the coverage was not extended to employers of one until January 1, 1943, no figures are as yet available to determine whether the contributions will meet the benefit liability in this class."

"We believe that it is the type of industry and not the number of workers employed by employers which determines the relative drain upon the fund for benefits. In this state, the contract construction industry has year after year drawn more in benefits than it has paid in contributions."

"We do not have exact information on the benefit liability of the small employer. We know this much—that benefit costs vary tremendously. Some small employers—in fact, many small employers—change workers very infrequently, and have no benefit costs against their accounts, or practically none. Other small employers are constantly changing, and benefit costs run many times their tax payments. This question would be easier to answer by industry than as a whole: We find that restaurants and drinking places employing two or three persons have a constantly changing payroll, and their benefit charges are astonishingly high. Small mercantile and real estate offices often have no benefit charges against their accounts in our limited period of a little more than four years of benefit payments."

"It is our opinion that the covering of one or more workers would not materially increase the benefit liability."

"We can only surmise since we have had no experience with benefit payments of sufficient importance to justify any conclusions. Nevertheless, we predict that contributions from the small employers will be more than ample to meet the benefit liability. It is pretty well established that the small employer is not as much influenced by the economic conditions which cause unemployment as is the larger employer. The most frequent causes of unemployment are in connection with casual, seasonal, technical change and cyclical factors. The only factor substantially affecting the small employer, is that of fluctuations in the business cycle and in this matter the reaction is apt to be slower than in the case of the larger business."

"In a period of highest benefit payments, our study indicates that the contributions paid by the smaller employers, exceeds the benefits paid their former employees by more than 20%.

Of the employers whose accounts were involved in the employer experience rating study, about 35% of the smaller employers were overdrawn as compared to about 20% of the larger employers, but the overdraft of the smaller employers amounted to only about $150,000, as compared to about $422,000 for the larger ones for the 36-month period."

"We have a 'pooled fund'. Although we have no detailed report, from our experience, we believe there are not more than twelve employers whose contributions were overdrawn owing to benefits paid."

FROM A TABULATION OF EMPLOYERS' EXPERIENCE, JANUARY 1, 1940 TO DECEMBER 31, 1942, BASED ON NUMBER OF WORKERS PER EMPLOYER.

Employing Unit of	Accounts with Excess Contributions	Number of these with lower tax rate of 1.9%	Accounts with Excess Benefits	Amount Over-drawn
1-8 workers	2,684	1,885	661	$108,435
8 or more workers	1,162	222	304	669,118

APPENDIX C—ECONOMIC EFFECTS OF FULL COVERAGE

"We feel it is extremely unlikely that smaller employer-coverage under the Law has forced any such employer out of business."

"There have been occasions wherein the employer claimed he would have to cease business operations if forced to pay the Unemployment Tax; but after investigation, in every instance, the employer's failure is actually due to other causes."

"There is no data to indicate that the extension of coverage to employers of fewer than eight has had adverse economic effect. The extension of coverage has in many instances brought about better public relations, particularly among contractors and other employers obtaining business on bids, as excluding the small operator from coverage, has the tendency of giving him a price advantage which the larger operator resents. Being under coverage has a beneficial effect as far as the small operator is concerned, in that he is able to obtain more competent help than would be possible otherwise."

"We have no evidence that the extension of coverage to include small employers, has forced any appreciable number of them out of business."

"We think the economic effects of a coverage of one or more have been good. Our workers are better satisfied, and while we have many complaints from the small employer, we greatly favor complete coverage. We have no information other than an occasional note on a contribution report from small employers indicating that they have been forced out of business because of the unemployment compensation tax. Is not this claim, made occasionally and on rare occasions, somewhat ridiculous in view of the top limit of 2.7% on their tax? I mean by that, any business that would fail because of such a tax would, it appears, be certain to fail in any event."

"It is our opinion that the covering of employers of fewer than eight employees has had no economic effects on their business, and that no employer in this state has been forced out of business because of this coverage."

"We have no evidence that unemployment compensation coverage has resulted in any small employer being forced out of business."

"There is no evidence whatsoever that the extension of coverage has unduly burdened small business. We know of no individual cases wherein a small employer has been forced out of business because of the extended coverage. On the other hand, we are of the opinion that small business benefits from operations of unemployment insurance considerably more than the direct cost to him in the way of contributions, for the reason that in this state most of the consumers' goods are distributed by small units. The benefit checks used in the purchase of groceries, clothing, amusements, etc., flow to small establishments, increasing their volume of business and, consequently, increasing profits."

"Insofar as we are aware, no small employer has been forced to close because of the imposition of the unemployment payroll tax."

"There have been no apparent adverse economic effects in the extension of coverage. As far as we know, no small employer has charged or intimated that the burden of this tax has in any way contributed to his liquidation. There are, of course, openly voiced objections to the imposition of the tax, but most of them come from the larger employers and generally from the employers whose employees are less apt to need the benefit protection of the Act," (this state does not have an experience rating provision).

"We believe no employer has been forced out of business because of the cost of coverage. It is doubtful whether unemployment compensation would be of practical value in maintaining purchasing power in our state if there were less coverage."

"As far as we know, there has not been any case of an employer being forced out of business because of his having to make payments under the unemployment compensation law."

Review of Business Trends

BY S. F. CAMPBELL, SUPERVISOR, BUREAU OF RESEARCH AND STATISTICS

This is an account of business activity in North Carolina as reflected by movements in selected indicators. Indices have been constructed on the basis of the 1935-1939 average, seasonally adjusted, which is taken as 100. Data from which the indices were made were taken from reports of the Federal Reserve Board, Bureau of the Census, Federal Power Commission, U. S. Bureau of Mines, Survey of Current Business, U. S. Post Office Department, Life Insurance Sales Research Bureau, State Department of Labor, State Department of Revenue, and Southern Furniture Manufacturers Association.

The indicators selected include the following: cotton consumption, active spindle hours, hours per spindle in place, electrical energy production, cigarette production, gasoline sales, new car sales, N. C. bank debits, construction contracts, ordinary life insurance sales, cement shipments, department store sales, employment and payrolls (all industries), employment and payrolls (all manufacturing), furniture shipments, retail furniture sales, weeks of unemployment compensated. Complete mimeographed tables showing the monthly movements of these indicators, and their relation to trend data, are available on request.

Previous articles by Mr. Campbell on North Carolina business activity are contained in the U. C. C. QUARTERLY, *Vol. I, No. 1, pages 26-27, and Vol. I, No. 3, pages 82-83.*—Editor's Note.

REVIEW OF 1943 BUSINESS LEVEL

As will be seen from the seasonal index of North Carolina business activity, activities as a whole are not subject to violent fluctuations, although there are troughs in certain types of industry which are offset by seasonal peaks in others. This tends to level off the combined seasonal index. Four months of the year are generally below normal, the range being from 89.74 in February to 106.03 in October. However, the seasonal index is not adjusted for the actual number of working days in the month and this exaggerates the depression in the February index. It is also significant that three of the four months which are below normal are in consecutive order. The drop in December is due largely to the holiday let-up in manufacturing, at which time textile production is 8.35 percent below normal; electrical energy production 4.55 percent below; cigarette production 17.55 percent below; construction 8.35 percent below; furniture shipments from the State 27.30 percent below; and cement shipments into the state 39.29 percent below normal. The January index is depressed by inventory taking and the post holiday sag in trade, which is then 33.54 percent below the average for the year. July is the only other month of the year which is below normal and reflects the midsummer slack due to vacations, and seasonal changes in styles, patterns, and stocks for fall and winter trade.

Two bases for an index of North Carolina trends are here used: (1) Ratio to long-time trend, in which the amount of normal annual increment or decrement has been eliminated, leaving only the growth or decline due to cyclical influences; (2) Average 1935-1939 equals 100, with only seasonal adjustment. Since the 1935-1939 base is the one most generally used for month-to-month changes, and includes whatever trend increment may have been added to the 1935-1939 level, that index is here used for review of 1943.

The effect of the war in most industries has been to eliminate seasonality altogether, with peak production continuous. However, in North Carolina a number of industries necessarily retain their seasonal movements, due to the non-availability of raw material. These are represented in food manufacture, tobacco processing, fertilizer and its chemical components, cotton ginning, and other agricultural services. The movements of these activities are not included in the index here used, though their effect is reflected indirectly through electrical energy production, bank debits, and trade. The fluctuation of the seasonal index ranged from 89.74 to 106.03, a maximum deviation of 18.15 percent, and while the

monthly relatives have been adjusted for seasonal variation there remained a deviation in the composite index of from 151.85 in January to 182.14 in June, a fluctuation of 19.95 percent, caused largely by the irregular trend in construction which had a maximum deviation of 391.59 percent.

ELECTRICAL ENERGY PRODUCTION

No industrial activity has made such phenomenal gains during the last decade as has the production of electrical current. In 1932 the total production was 1,395,579,000 kw-hours, or a little more than 100 million hours per month. By 1942 production had increased to an average of 370,857,000 million a month and in 1943 reached an average of 416,563,000 kw-hours per month, nearly 5 billion kw-hours per year, or 257.00 percent above 1932 and 12.06 percent over 1942.

As electrical energy is produced only as needed, with no "carry over," the index is especially significant as a measurement of current industrial activity. While the increase in production has been greatly accelerated by war needs, the trend, independent of the war, and despite the depression year, has been consistently upward. The average annual increase from 1920 to 1939 was 9.30 percent, compound interest basis, and in only three years since 1920 was there a decline from the previous year, in 1928, 1932, and 1935. The year 1943 began with the index 83.18 percent above the 1935-1939 average, and this was the lowest index of the year. The peak of production for the year was reached in September with the index at 281.71, and the year ended at 277.49, the composite for the year being 239.85 compared to 207.99 for 1942.

CIGARETTE PRODUCTION

No data are available on the actual monthly production of cigarettes. Production figures as used in all government publications are taken from tax paid withdrawals which over a year will represent, with reasonable accuracy, actual production. The effect of war demands is also discernible in this series, though to less extent than in electrical energy and textiles. Growth has been continuous since 1925 except for 1930-1931-1932, each of which years showed a decline from the previous year. The average annual increase, 1935 to 1939, was 7.10 percent, compound interest basis, while the gain from 1942 to 1943 was 9.29 percent. There was a considerable sag in the index during May, June, and July, which dropped to 126.57 in June from 158.60 in January, but ended the year at 211.29 in December, with a combined index for the year 1943 of 164.41, or 64.41 percent above the 1935-1939 average, compared to 150.22 for 1942.

GASOLINE SALES

The inclusion of gasoline sales for the purpose of a business index is open to question because of present restriction in sales, and while these restrictions do depress the composite index the monthly relatives were retained in order to indicate the progressive effect of the rationing system. Despite these restrictions, gasoline consumption in four of the twelve months of 1943 was above the average of 1935-1939; March 30.47 percent above; April 10.93 percent above; July 9.54 percent above and October 12.95 percent above. The year ended with the index at 93.75 for December and the index for the year was 99.21 compared to 109.69 for 1942. Average monthly consumption was 29,568,000 gallons, or 11.47 percent less than in 1942.

NORTH CAROLINA BANK DEBITS

Charges to individual bank accounts represent probably the most significant barometer of business trends of any series available, and it is of special interest to compare the movements of the North Carolina index with those of the nation, as this is the only index which may be said to represent with equal validity general trends at both the national and state level.

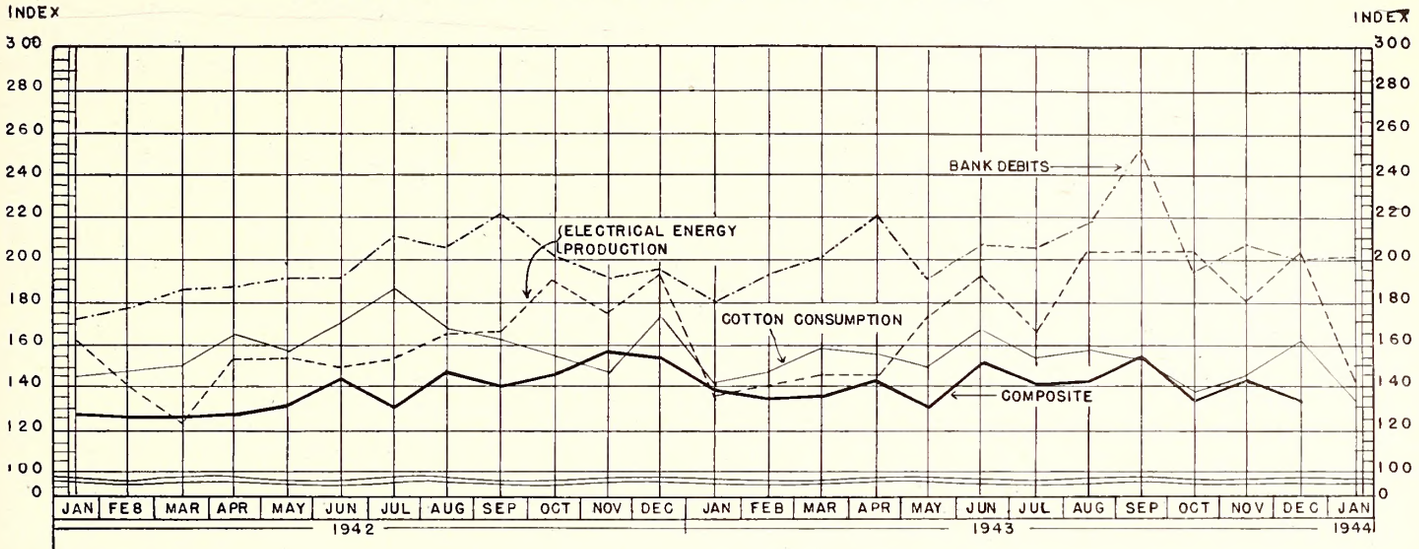
It is also of special interest to compare the two indices in relation to the long-time trend and on a basis of the 1935-1939 average. With respect to the long-time trend the North Carolina index has been continuously higher than the national index since 1932. The margin began to grow less at the beginning of 1942 due to the proportionately smaller participation of North Carolina in the manufacture of durable goods. In January 1943 for the first time in more than ten years the national index rose above the state level by 1.18 percent. The national increase over North Carolina has continued progressively each month until the year ended with the national index at 232.65 or 16.06 percent above the North Carolina index of 200.45. This, however, is on a basis of the long-time trend, 1923-1940, with normal annual increment eliminated, and the same does not hold true with respect to the 1935-1939 average, which includes the trend increment. On that basis the state index is still above the national level. For 1943 the state index was 207.72, or 14.26 percent above the national index of 177.42.

Without some knowledge of the relative position of North Carolina and the nation with respect to banking activity during the 5-year base period 1935-1939, the deviations above referred to are not so significant. To obtain such knowledge trends were calculated by the least squares method from monthly data for the period 1923 to 1940. Log trends were also constructed and checked by Glover's Exponential Growth Curve Formula. These showed an average annual decline in bank debits at a rate of 0.25 percent for the state and of 0.17 percent for the nation. The average index for the 5-year period 1935-1939, based on these trends, was 104.31 for the state and 98.22 for the nation.

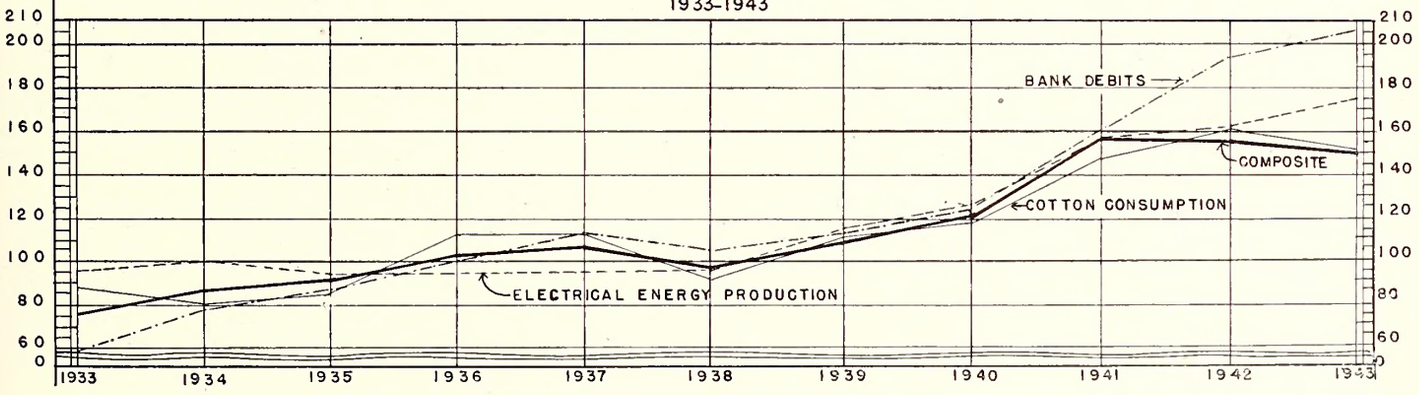
State bank debits were declining at a more rapid rate than the average for the nation by 0.08 percentage points over the 18-year period, 1923-1940. The situation began to change after the 1929 collapse though the state index did not reach 100 until 1936. However, a trend computation for the period 1932 to 1939 indicated an annual increase for the state at a rate of 5.00 percent, compound interest basis. It appears, therefore, that not only was the relative position of North Carolina better than that of the nation during the base period 1935-1939 but that the subsequent increase in the state, based on that average, has been at a more accelerated rate. In volume,

NORTH CAROLINA BUSINESS INDEX

COMPOSITE AND SELECTED MONTHLY TRENDS, 1942-1944 TO DATE



COMPOSITE AND SELECTED ANNUAL TRENDS
1933-1943



1943 North Carolina debits were 4.55 percent above 1942, compared to an increase in national bank debits of 27.00 percent over the previous year.

CONSTRUCTION

No activity has been so violently affected by war demands as construction. Contracts, which averaged $4,544,000 monthly during 1935-1939, rose to an average of $16,694,000 monthly in 1941, dropped to $14,225,000 in 1942 and to $7,620,000 in 1943, a decline of 46.43 percent from 1942 and of 54.36 percent from 1941. These violent fluctuations are reflected in the monthly relatives which ranged from 374.64 in June down to 88.72 in May, and the index for the year 1943 is 170.63, or 70.63 percent above the 1935-1939 average, compared to an index of 321.93 for the year 1942. This precipitous drop in construction activity had an extremely depressing effect on the composite index for 1943, or rather an exaggerated effect on the index of 1942; for, if construction data be omitted from both years the index for 1942 would be 157.85 instead of 172.61, and the index for 1943 would be 171.76 instead of 171.66. It is seen that while the omission of the data effects little change in the 1943 index it pulls the 1942 index down by 14.76 percentage points.

CEMENT SHIPMENTS

Since cement shipped into the state is finally reflected in construction work, buildings, bridges, or highways, it is given a weight of only 2.47 in the computation of the composite index. In volume the increase from 1942 was the greatest of any series except sales of ordinary life insurance, 24.15 percent. Monthly relatives, as in the case of construction, are hardly significant, as large shipments may result in a "carry over" rather than in current consumption. Monthly relatives ranged from 349.19 in January down to 131.44 in December, the combined index for the year being 213.60, compared to 177.76 for 1942.

SALES OF ORDINARY LIFE INSURANCE

The sale of ordinary life insurance, which showed a downward trend from 1923 to 1940, developed a sharp upturn with the declaration of war, although the 1943 index is only 18.88 percent above the 1935-1939 level. Some improvement was shown as early as 1939, but the index for the year was only 99.86. Sales in 1943 exceeded 1942 by 29.45 percent, the largest relative increase of any activity included in the index.

DEPARTMENT STORE SALES

Since this index is based on a sample, and is computed from monthly percentage changes, rather than from actual volume, the activity is weighted only 2.74 in arriving at the composite index. Sales were highest during June and July when the monthly relatives reached 211.98 and 269.49 respectively. The

combined index for 1943 is 176.49, or 37.12 percent above the 1942 index of 128.71.

POSTAL RECEIPTS

Postal receipts in the seven cities whose banks report through the Federal Reserve System increased in 1943 over 1942 by 14.37 percent, or by $632,309, and the 1943 index was 64.70 percent above the 1935-1939 level and 18.65 percent above the 1942 index.

TEXTILES

The manufacture of textile products in North Carolina accounts for the employment of 246,000 workers, or 72.0 percent of the total labor force of the state classified in the 1940 census under manufacture. During the second quarter of 1943 employment in North Carolina textile plants accounted for 42.5 percent of all employment under the North Carolina Unemployment Compensation Law, and 19.2 percent of the total labor force of the state reported in the 1940 census. Including those who find employment in the growth and harvest of cotton, estimated at 350,000, this industry contributes directly to the earnings of approximately 50.0 percent of the total labor force of the state, this notwithstanding the cotton acreage has been reduced from 1,373,701 in 1919 to 710,228 in 1939 and production reduced from 858,406 bales to 458,146, a decline of 46.6 percent. Acreage had increased in 1943 to 846,000, or near the 1919 level. Labor employed in the production of wool is not included, although employment in textile manufacture includes wool and worsted products, as well as silk and rayon, which together employ 17,000 workers. Hosiery plants employing 52,000 workers included in textile manufacture also use all three types of materials. These statistics give special significance to trends in textile production and employment because of their barometric value in gauging the general business level of the state.

Cotton textile activity in 1943 was slightly below the 1942 level. The consumption of 2,789,998 bales of cotton represented a decline of 3.84 percent from 1942, and the 1943 index of 168.88, base 1935-1939 average, represents a decline of 0.72 percent from the 1942 index of 170.11. The national index of textile production for 1943, base 1935-1939 average, was 155 or 8.2 percent below the North Carolina index. The outlook for 1944 is that cotton-fabric requirements for military use will remain at about the present level, while woolen and worsted-fabric requirements are expected to run about 60 percent as much as in 1943. Production for civilian use is not expected to increase because of restrictions, labor conditions, and price ceilings.

An unofficial Washington estimate is that 40 to 50 thousand additional textile workers may be needed for specialized production in 1944, but since the number employed in North Carolina textiles during the second quarter of 1943 was 20.5 percent in excess of the total 1940 inventory of North Carolina textile labor, and many of these have since been inducted into military service, it is not clear how any material increase in textile employment in North Carolina can be achieved.

Employment conditions in textiles appear on the whole, to be satisfactory in North Carolina. Average per capita weekly wages of textile workers covered by the U. C. law have increased from 1940 to 1942 by 39.79 percent, compared to an average increase for all covered employment of 36.18 percent. Recently a North Carolina textile manufacturer who employs more than 20,000 workers petitioned the Wage and Hour Division of the U. S. Department of Labor for a seven and one-half cent increase in the hourly wage rate of all his employees.

GENERAL TREND

As may be seen from the chart, business activity in 1943, as reflected by the indicators used in this bulletin, was at a somewhat lower level than in 1942, for which the decline in construction was responsible to a considerable extent. The decline in textile production, however, as reflected by a decrease in cotton consumption of 3.84 percent and in spindle hours of 2.11 percent, while only a fraction of the decline in construction, is more significant because of the larger number employed and the tremendous investment in fixed assets. The 1935-1939 base index dropped from 172.61 for 1942 to 171.66 for 1943, a decline of 0.55 percent. The index based on 1913-1939 trend dropped from 156.44 for 1942 to 150.59 for 1943, a decline of 3.80 percent. The former index is adjusted only for seasonal movements and consequently includes the trend increment. In the latter index based on ratio to trend both seasonal and trend increment have been eliminated so that the decline of 3.80 percent more accurately measures the extent of cyclical movements which are considered as independent of a normal trend.

The outlook for 1944 seems to indicate little change from 1943. It seems probable rather that the peak may have been reached in all the series represented except possibly trade which may be expected to respond to any removal of restrictions or rationing provisions with even greater increases in volume as purchasing power accumulates. Many believe that the business index will remain at a high level until the termination of the war.

It may be of interest to observe the behavior of the national business index during past wars. During World War I the business index reached its peak in 1916 a year before we entered the war, from which time it continued to decline although the deflationary period did not set in until 1920. During the four-year Civil War the business index reached its peak during the early part of 1864, months before the beginning of the deflationary movement, while in the three-year War of 1812 the reverse was true, the business index being at its highest levels during the two years following the war and a year after the deflationary movement began. If the experience of the last two wars is repeated, it would appear that the peak of the prosperity area has been passed; that we may expect a further decline and a sub-normal condition following the termination of the war, the depth of which will depend upon the degree of inflation which is permitted during war no less than upon the portent of our post-war foreign policy.

An Explanation of The Word "Voluntarily" as Used In Connection With A Disqualification for Leaving Work

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A consideration of the shades of meaning of the word "voluntarily" and related words such as "will" or "volition" is far beyond the length and scope of this statement. These concepts when pursued to their logical ends would lead us into the province of Conation in the field of Psychology and from this point on we would soon find ourselves involved in the endless struggle between the adherents of determinism and libertarianism and finally we would be lost in the chaotic void of Metaphysics.

The word "voluntarily" appears in the disqualification section of the Unemployment Compensation Law of North Carolina and is tied in with the phrase "without good cause attributable to the employer." Section 5(a) of the Act reads in part as follows: "An individual shall be disqualified for benefits . . . if it is determined by the Commission that such individual is . . . unemployed because he left work *voluntarily* without good cause attributable to the employer. In applying this language to the situation where a worker has left his work and filed a claim we must find, in order to disqualify such a worker, that there must be: (1) a separation from work; (2) the separation must be voluntary; (3) the separation must be without good cause attributable to the employer. It is hardly necessary to contrast or compare "good causes" and "bad causes," for if we assume the best "cause" in the world for leaving work that cause must still be "attributable to" or proximately linked with the employer before the claimant can be relieved of the disqualification. In other words the employer must be to blame for the separation. It also follows that if any of the conditions or situations enumerated above do not exist then the disqualification is not applicable.

When is a separation from work "voluntary," and when is a separation from work "involuntary," that is without the "will" or "volition" of the worker? Obviously a claimant forced or compelled to leave his work by certain, definite, objective forces should not suffer disqualification. It is necessary, therefore, to give the word "voluntarily" a practical and equitable interpretation that will take into consideration the interests of both the worker and the employer. Like most questions of this nature we find that, "the doctors differ," and the courts and administrative agencies have expressed divergent views. In general there are two attitudes toward this question and one may be designated as a strict view and the other as a liberal view. We now give an illustration of these two points of view.

In the case of *Department of Labor and Industry of the Commonwealth of Pennsylvania, Appellant,* vs. *Unemployment Compensation Board of Review; U.C.I.S., Benefit Series, Vol. 2, No. 4, Case No. 1363* (1939), the facts were that the claimant had been employed for about three years and ten months by a dairy company to deliver milk on a milk route. He separated from work because his physician advised him to give up his position on account of a rheumatic condition. He was experiencing severe pains in his feet and legs, which were aggravated or increased by being on his feet so much in the early morning and jumping in and out of the wagon in all kinds of weather, storms, snow, and rain, and by lack of sleep. The Board of Review had held that the claim was compensable and that the claimant left his work "involuntarily," reasoning as follows:

> "To be voluntary, his act of leaving his work must have been free from compulsion, and free from the influence of any extraneous, disturbing cause. A voluntary act is the antithesis of an act done under compulsion, coercion, constraint, or objective necessity. The presence of any physical force compelling the claimant to leave his work would render his act involuntary and outside the provisions of the Act relied upon by the Division. The requirements of the claimant's employment combined with his physical condition compelled him to quit his work. There is no more compelling motive for human action than the preservation of physical well-being. The conditions compelling the claimant to leave his work were not solely subjective. The necessity of the claimant being on his feet, so much jumping in and out of the delivery wagon, and the exposure to all kinds of weather were objective factors incident to his employment making it necessary for him to terminate his employment."

The above quotation gives a liberal interpretation of the word we are considering. On appeal, the Superior Court of Pennsylvania did not agree with this view of the matter and in giving a strict definition of the word "voluntarily" reasoned as follows:

> "The word 'voluntarily' may be used in a number of different senses, but, in our opinion, having regard to the purpose and intent of the act, considered as a whole, but with special reference to its declaration of public policy and its fourth article, which prescribes the qualification required to secure compensation and enumerates the causes which will make an employee ineligible for compensation, the most appropriate meaning or definition is 'of one's own motion' (Century Dictionary); 'of one's own accord' (Oxford Dictionary); 'acting of one's self' (Webster's New International Dictionary). When we say, 'He left work voluntarily,' we commonly mean he left of his own motion; he was not discharged. It is the opposite of a discharge, dismissal or lay-off by the employer or other action by the employer severing relations with his employees, to provide against which the act was mainly designed.
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> "This meaning of the term is easily applied, is of general significance and obviates the necessity of an inquiry or examination into the mental processes of the employee which led up to or brought about his resignation or quitting work of his own motion, the result of which might or might not be deemed voluntary as considered by different persons, from different points of view, and thus be variable and subject to no uniform standard. . . . Few actions are taken in this world without some extraneous, constraining or compulsive force or influence and to apply such an uncertain basis to 'voluntarily leaving work,' would be doing violence to the usual and ordinary meaning of the term in the light of the purpose of the enactment."

The two quotations given above probably represent the major positions in regard to the matter under discussion; there are, however, many varia-

tions and combinations of these two positions as will be shown by an examination of the cases reported in the Unemployment Compensation Interpretation Service, Benefit Series.

On January 5th, 1944, the Attorney-General of North Carolina rendered an opinion on this subject and set forth the principles to be followed by the Commission in applying this disqualification statute; under the law of our state this opinion is binding on the agency and must be followed unless and until it is modified or reversed by the courts. This opinion is clear, workable and easy of application; it draws a clear line of demarcation between those cases in which compensation should be allowed and those where it should be denied. In his opinion the Attorney-General emphasizes the fact that "involuntary unemployment" is given as a reason for unemployment compensation legislation, as stated in Section 2 of the Act; it is stated that illness and other causes beyond control could result in involuntary unemployment and benefits should not be denied after ineligibilities have been removed. It will be seen that the Attorney-General has followed the rule that remedial legislation should be construed as far as possible to alleviate the conditions that brought it into existence; it would seem that the opinion justifies the construction that the forces or compulsions must affect the physical constitution of the worker in a direct manner and must be of an impelling character and should result in depriving the worker of freedom of choice in the matter. All causes or motives that operate indirectly upon the employee, however strong, should be excluded from consideration. We will now quote from the opinion as follows:

> "It is inconceivable to me that the General Assembly, in enacting this beneficent social legislation intended that a person who had left his or her employment on account of illness, or other causes beyond control, would be considered as having forfeited the right to the benefits of the Act when such person, upon removal of such causes, is able and available for work but remains unemployed because of inability to find employment with his or her employer or on other suitable employment. I, therefore, am of the opinion that we would be justified in interpreting the word 'voluntarily' and the phrase of which it is a part in such a way as to not deny the benefits of the Act to those for whom it was clearly intended to help, and this will result in what might generally be said to be a liberal interpretation rather than a narrow one, which has apparently been adopted in some jurisdictions."

> "In adopting a liberal interpretation, however, I believe that this interpretation should be confined to proper limits in order to give effect to the express intention of the General Assembly. In ascertaining whether or not an employee left his employment voluntarily, I think we would be justified in considering the mental processes, constraining or compulsive forces or objective influences, or the freedom or lack of freedom from external compulsion or necessity which led up to the claimant's leaving work, but I think that the Commission should in every case be fully satisfied that, where an employee has left the employment, the reasons for so doing were of an impelling character which, in the opinion of the Commission, afforded ample and complete justification for the severance of his employment. This would exclude all fictitious or feigned reasons or excuses for failure to continue in the work and would comprehend only such causes as operated directly on the employee which made, in the opinion of the Commission, his continuance in the employment impossible, or attended with such circumstances as to make it unreasonably burdensome for him to continue therein."

> "It seems to me that a cause which only indirectly operated upon the employee should be excluded and that the circumstances should be such as could reasonably be considered to have deprived the employee of freedom of choice in the matter. It is evident that the illness of an employee of such a character and nature as to disable him or her from continuing in the employment would be such a cause as to make it necessary for the employee to discontinue his work as long as this condition existed. On the other hand, I am inclined to the opinion that, except under very unusual circumstances, an illness in the family of an employee would not provide such a cause."

It is unfortunate that some of the newspapers of the state misunderstood this opinion and carried articles to the effect that the Attorney-General had ruled that claimants would be paid unemployment compensation benefits during periods of illness. In fact the very opposite is true and the Attorney-General expressly said so, taking great care to specify in his opinion that benefits could only be paid "upon removal of such causes (illness), is able and available for work but remains unemployed because of inability to find employment with his or her employer or in other suitable employment." In the United States, *physical ability to work* is a fundamental requisite of eligibility; unemployment compensation has never pretended to compensate for loss of earnings because of sickness, loss of health or accidents.

If you have been interested enough to read this statement up to this point, then we would like to suggest the following situations and ask that you apply the rule and arrive at your own conclusions:

1. The claimant while about his work is suddenly stricken with an acute illness and carried to the hospital.

2. The claimant separates from his work after an examination and advice from his physician that he is suffering from pulmonary tuberculosis and that if he continues to work it will eventually cause his death.

3. The claimant separates from his work because of injury due to an accident: (1) connected with his work; (2) not connected with his work.

4. The claimant separates from work because of a company rule which precludes continued employment upon marriage.

5. The claimant separates from work because her car was destroyed by fire and she had no other means of transportation to her work.

6. The claimant separates from his work for induction into the armed forces: (1) after receipt of official notification; (2) he received no official notification but enlisted.

7. Claimant separates from his work because of flood, tornado or act of God.

8. Claimant separates from his work because his wife was dangerously ill and wanted claimant to stay with her.

Materials shipped from some war construction project in North Carolina may eventually be transported on the back of some native porter through the trackless jungles of New Guinea or the scorching sands of the Sahara.

Notes on UCC Operations

U. C. FUND HAS BENEFITED 300,000

The unemployment compensation fund of North Carolina celebrated its seventh anniversary in April with a total of gross receipts through the 15th of the month, of $100,000,000. Payments from this fund, in the form of benefit checks to those entitled to receive them, amounted to $25,000,000, leaving a net balance available for the future of $75,000,000. It is estimated that more than 300,000 North Carolina men and women, temporarily without jobs, have benefited from the program.

At the present time, with industrial war expansions, labor replacements of workers now in military service, etc., the active insurance accounts which the Commission maintains for individual workers is probably about 1,500,000. In other words, a million and a half North Carolinians, because of payments made by their employers to the Commission, have a stake in the fund. This $75,000,000 represents their insurance protection against post-war unemployment.

While it would be difficult to assign any special date as the birthday of unemployment compensation in this state, it has a history going back to 1933, the first payments into the fund after the Commission officially began operations in December 1936, were received in April, seven years ago. Benefit payments began in January of 1938. From then on, probably more than 300,000 individuals have shared in the $25,000,000 paid out in benefit checks.

At one time in the history of the Commission, as many as 140,000 jobless workers were drawing benefit checks, but the claim load dwindled steadily after this country embarked on war production. By June of 1942, the number of unemployed had fallen below any previous level, to an average of 7,000. The number continued to decline, with almost every month signalling a new low in unemployment, through November of last year.

In that month, the number of unemployed, as indicated by an average of less than 500 weekly benefit checks paid through the state, probably touched bottom. About half of the local employment offices had been reporting no new claims.

The total amount of benefit payments for 1943 was $654,230.13. This was considerably less than the $1,497,499.10 which was added to the fund by the U. S. Treasury for interest earned during the same period.

From last November through March, the claim load increased, due primarily to seasonal lay-offs in certain industries. In April, the average number of weekly benefit checks was about 1,500. This still placed the level of unemployment at slightly more than half of what it had been a year ago, and about one seventh of that recorded two years ago.

If the 1944 trend in claims and benefit checks follows the pattern of 1942 and 1943, which is probable unless there is some change in the current employment situation, there should be a decline in numbers through the summer and early fall months.

In the opinion of employment security administrators, in Washington and throughout the nation, the adequacy of the unemployment compensation program faces its first real test in the post-war period. With its $75,000,000 reserve fund, and with its major industries capable of re-conversion to peace-time production within a comparatively short time, judging by the speed with which these industries changed over to meet war production demands, North Carolina is believed to be in a relatively favorable position.

1942 SUMMARY OF OPERATIONS

Month	*Initial Claims*	*Continued Claims*	*Benefit Checks*	*Amounts*
January	23,565	82,984	57,979	$435,270.08
February	9,316	59,334	48,737	357,875.90
March	6,504	55,014	46,031	343,120.93
April	6,923	49,595	39,148	291,771.07
May	5,248	41,892	36,331	265,719.15
June	6,906	38,178	29,317	214,521.19
July	13,749	48,755	30,135	227,961.83
August	7,462	38,157	31,609	247,576.03
September	3,682	32,140	23,198	195,409.81
October	2,574	24,857	20,425	179,756.32
November	3,562	17,222	12,823	112,249.45
December	4,389	20,200	13,734	112,988.73
Total	93,880	508,328	389,467	$2,984,220.49

1943 SUMMARY OF OPERATIONS

Month	*Initial Claims*	*Continued Claims*	*Benefit Checks*	*Amounts*
January	4,968	19,778	15,515	$114,486.78
February	2,124	16,252	13,034	95,975.07
March	2,449	16,087	12,781	95,275.64
April	1,814	13,483	11,347	78,799.53
May	2,035	11,106	8,369	59,924.17
June	1,283	7,736	5,618	42,280.25
July	2,945	6,921	4,335	36,444.01
August	1,004	5,528	3,719	32,902.72
September	976	4,098	2,627	25,689.13
October	621	2,637	2,231	24,207.00
November	1,023	2,793	2,121	21,787.73
December	1,744	4,476	3,151	26,458.10
Total	22,986	110,895	84,848	$654,230.13

FOUR MONTHS OF 1944

Month	*Initial Claims*	*Continued Claims*	*Benefit Checks*	*Amounts*
January	1,697	6,145	4,429	$ 34,869.40
February	1,573	3,270	4,530	35,706.08
March	3,474	11,752	6,968	50,035.21
April	1,421	8,298	6,434	45,812.67

VETERANS URGED TO APPLY FOR JOBLESS INSURANCE

The Unemployment Compensation Law of North Carolina includes a special provision for workers who enter and return from military service. Wage credits established in their unemployment insurance accounts while they were working during the two years before entrance into the armed forces may be brought forward and made available to them as veterans during at least two years following return to civilian life; but only if each veteran files a claim within six months of his military discharge.

To make the transfer of his previously earned unemployment insurance credits, a veteran should

apply soon after his discharge from service to a claims-taker of the Unemployment Compensation Commission, or to an interviewer of the United States Employment Service, at one of the local Employment Offices throughout the state.

Not all returning veterans will have wage credits available for unemployment insurance. The only way a veteran may determine the status of his account is by filing a claim with the Unemployment Compensation Commission.

According to W. R. Curtis, Acting Commission Chairman, "Veterans should look to the future, regardless of whether or not a veteran has occasion to draw unemployment insurance benefits within the six months following his discharge, or whether or not he is able to work at the time of his discharge, he should file a claim for unemployment insurance during this six-month period. Only in this way can a veteran's record of past earnings in insured employment be credited to his account for the future. Otherwise he might forfeit his right to draw benefits based on prior earnings, if later on he becomes unemployed and eligible to do so."

"A special regulation has been adopted which contains a statement of our policy for handling, the cases of veterans who may happen to apply after the allotted period of six months has elapsed. We do not want any veteran to forfeit inadvertently his future benefit rights in unemployment insurance by failing to apply within six months of his military discharge. Consequently, if the date on which a veteran files is longer than six months after he left the armed forces, this Commission, up to January 31, 1945, will still accept his claim, using the date of his certificate of discharge by the Government as the date of his application for unemployment compensation.

"However, all returning veterans should file claims within the six-month period in accordance with the Law's provisions, and we urge them to do so."

PAYROLL TAX REDUCTIONS

North Carolina employers will save close to two million dollars in unemployment compensation taxes this year. This sizeable tax reduction is made possible by the plan of employer experience rating which is a feature of the North Carolina law on unemployment insurance, and 3,536 employers will benefit from it in 1944—more than twice as many as the 1,564 who did during 1943.

The Commission's estimated decrease in 1944 contributions to the insurance fund, from 1943 receipts, of $1,894,791.00, may be regarded as a saving to employers or as a loss in U. C. C. revenue, but either way it must be good news to employers.

To a great many of those who have qualified, the reduced rates which became effective the first of this year will mean a saving of from twenty to about fifty percent of what they would have been required to pay under the regular unemployment compensation tax rate of 2.7% of payrolls. Our state law and the laws of some other states, as opposed to federal intentions, provides for a lowered scale of tax rates to those employers whose experience with regard to unemployment is considered favorable—that is to employers who over a period of years have built up reserve account balances that meet certain standards. The rating plan is an expression of one of the fundamental policies behind social insurance legislation in offering an incentive to private industry to try to remove the cause of insecurity. It aims to put a premium on the stabilization of employment practices.

The Unemployment Compensation Commission maintains over 10,000 individual employer accounts. For purposes of employer experience rating, separate branch office accounts are considered as one with their home offices. Some 400 accounts were currently inactive and 1,236 were found to be ineligible for classification because of insufficient experience. Computations made for the 7,938 active and eligible employer accounts resulted in reduced rates becoming applicable to 3,536, or nearly half of them.

The specific lowered rates which now apply to 1944 payrolls are as follows: The rate of 2.5% has been awarded to 917 employers, and represents a net saving of 7.5 percent from what their taxes would be without experience rating. The rate of 2.13% applies for 915 employers, saving them 21.1 percent against the standard tax. 803 employers with a rate of 1.76% will save 34.8 percent in taxes; 619 employers with a rate of 1.39% will save 48.5 percent; 174 with a rate of 1.02% will save 62.2 percent; 55 with a rate of 0.65% will save 75.9 percent; and 53 receiving the maximum allowed reduction with a rate of 0.27% will save as much as 90 percent of their taxes.

Over forty percent of North Carolina employers covered by the Unemployment Compensation Law have annual payrolls of between $10,000 and $50,000. More than half of them will share the tax savings under the 1944 rates, and the greater number of them with new rates of 2.13%, 1.76%, and 1.39% will net savings of from twenty to fifty percent of taxes paid at the standard rate.

WAGE RECORD ACCOUNTING

Wage records of more than a million different workers are going "through the mill" in the Commission's central Raleigh office. The huge task of handling these wage items showing earnings for a quarter or half-year period, and crediting them to individual worker accounts, is an important part of the Commission's preparation for handling post-war applications for benefits.

The payroll records containing these wage items are received from 10,466 employers, who, generally having eight or more employees, are covered by the Unemployment Compensation Law. Since most wage records are submitted quarterly, the Wage Records Section of the Commission's Accounting Department estimates that during 1944 it will handle well over 3,000,000 wage slips. Despite the size and growth during these war years of the insurance load which it is carrying, the Commission is operating under a budget that is constantly being reduced.

Upon arrival of the wage reports in the Raleigh office, a group of clerks verifies the wages as reported

for each worker with summary reports also submitted by employers, arranges the individual wage reports in sequence according to the workers' social security account numbers, and inserts individual wage slips behind index cards in the Wage Record Files. This is the process by which each individual worker's account is credited with the amount of wages earned, so that later the account may serve as a basis for determining the amount of benefits a worker is entitled to draw should unemployment overtake him.

Several steps are necessary before the crediting process is complete. The verifying clerk lists on an adding machine for each employer the wages paid to workers and checks it with the total as reported on the Employer's Summary Report of Wages Paid. If the totals are in agreement, the reports are initialed, assembled, and routed to the sorting clerks. In instances where the report is found to be out of balance, a request is sent to the employer to make the necessary adjustment. Then a sub-processing group of clerks separates the individual wage reports and regroups them for sorting by social security account numbers. This requires three sorting operations. The first two are done by hand, the third, which involves a break-down by four digits, is performed by a machine called a "Natsor." The piles of wage slips, now sorted according to numerical sequence, are next regrouped—with each series still kept separate—according to the file of which they are to become a part. There are three such files: (1) Social security account numbers assigned in North Carolina; (2) Social security account numbers assigned in other states; (3) Alphabetical File for workers whose reports do not show a social security account number.

Any discrepancy found on a wage slip as to the social security account number or the spelling of a name, necessitates the removal of the slip for special attention. Because of errors that are detected, the Accounting Department sends out about 1,000 letters a year, occasionally followed up by a call from one of the Commission's field representatives.

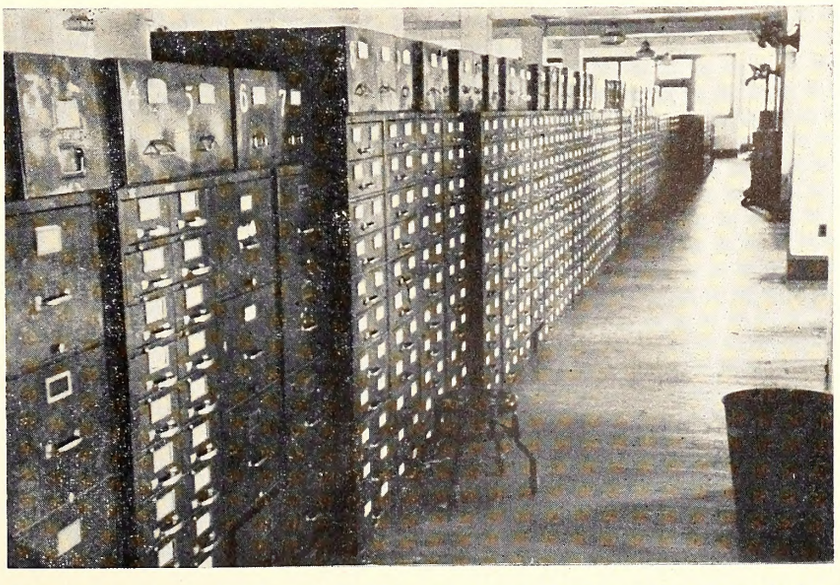
The total number of names and numbers in all three files of wage credit accounts kept by the Commission exceeds two million, although not all of them are active at the presen time. Many workers are no longer engaged in insured occupations, many have left the state, and many are serving in our armed forces. Nevertheless all records are faithfully kept from the time operations began in 1937, for it is not known how many men and wmone in military service will need to draw unemployment benefits against wage credits established before they dressed in uniform. The 1943 General Assembly granted them the right to do this at any time within six months after their return to civilian life, should they be unable to find suitable employment.

When a claim is received, a worker's credit slips are withdrawn from the Wage Record file. The earnings listed for the appropriate base period are then posted on a form known as an "initial determination" which many claimants have come to know, since each one receives a copy of his own initial determination. From the base-period earnings shown, a claims examiner is able to calculate the weekly benefit amount to be paid.

The money for benefit payments is withdrawn as needed from the Unemployment Trust Fund. This fund is built up by contributions from employers; there is no deduction from a worker's pay to support it. At the present time the fund balance amounts to something over $75,000,000, which is on deposit in the United States Treasury, drawing interest from Government securities.

Figures compiled by the Unemployment Compensation Commission on wage items indicate the general increase in the labor force in North Carolina as a result of wartime activity. They involve only industries in which workers are insured against the risk of unemployment under the law, but they show the general employment trend. The number of workers for whom wage slips were processed by the Commission in 1940 was 698,300. In 1941, wage slips were filed in 814,666 accounts. And in 1942, the first year of full war production, wage slips credited as many as 1,061,332 workers with earnings. The total for this year will be higher. At the end of each quarter, mail sacks loaded with similar wage reports pour into the Commission's offices.

Keeping up with this huge volume of wage records is a large part of the Commission's responsibility in getting ready to meet whatever claim load develops when the war-time pace of industry slackens. In maintaining this insurance system for workers against the risk of losing their jobs, the Commission is strengthening one of the guarantees already established to the Freedoms from Want and from Fear.



View of the Central Office of the Unemployment Compensation Commission —one row of the files of two million individual wage records used to determine amount of benefits to which unemployed claimants may be entitled.

Of course not all the people who may suffer from unemployment in the

post-war period of readjustment are protected by the program. Workers for small business concerns and in several classes of occupations are not now covered by the law. It is, however, a source of real satisfaction to know that somewheer between one and two million North Carolinians have rights in a growing insurance fund of over 75 million dollars being set aside for them against the rainy days of unemployment.

ANALYSIS OF EMPLOYERS COVERED BY U. C. LAW

Under this same title, an article was published in the March 1944 issue of *Employment Security Information,* the Commission's former monthly publication to which the U. C. C. QUARTERLY is successor. This article was based on an examination of employing units subject to the state unemployment compensation law in January, 1940, classified by size, that is, by the number of workers employed.

A similar analysis of covered employers reporting for the fourth quarter of 1942 has now been made. It was thought that a comparison of the two studes would, to some extent, reflect industrial expansions due to war production. The accompanying table shows the distribution of workers and wages among employers at the beginning of last year.

MONTHLY EMPLOYMENT, WAGES AND CONTRIBUTIONS, BY SIZE OF FIRM, FOURTH QUARTER 1942

SIZE OF FIRM BY NUMBER EMPLOYER	Number of Units	Average Number Employed	Percent of Total Employed	Average Monthly Wages
0– 7	2,989	12,493	2.06	$ 1,812,823
8– 24	4,097	61,116	10.09	6,785,585
25– 49	1,386	50,108	8.27	5,165,007
50– 74	487	30,342	5.01	3,192,143
75– 99	277	23,284	3.84	2,394,291
100– 149	275	33,006	5.46	3,449,051
150– 199	148	25,605	4.23	2,683,891
200– 249	118	26,923	4.44	2,651,772
250– 499	208	70,900	11.71	7,572,212
500– 999	120	79,742	13.17	8,732,760
1,000–1,499	35	42,911	7.08	5,324,745
1,500–1,999	12	21,285	3.51	2,647,509
2,000–2,999	16	38,986	6.43	4,703,942
3,000–3,999	7	23,942	3.95	2,759,173
4,000–4,999	3	13,302	2.20	1,929,778
5,000–5,999	0	0	.00	0
10,000 and over	3	51,813	8.55	7,480,130
Total	10,181	605,848	100.00	$ 69,284,812

This more recent analysis of 1942 reports is based on a total number of employing units that is greater than the total of those studied in 1940. However, because of statistical differences, and because of the more or less constant turnover in active employer accounts, the larger figure may not be taken as an absolute increase in the number of covered employers during the intervening period.

Although the round number figures for employers, workers and wages are not exactly comparable, differences between the 1940 and 1942 studies do indicate important increases in each category. What is most significant is their relative proportions.

As between 1940 and 1943, the relative distribution of workers and wages by size of firm shows interesting changes. There has definitely occurred a greater concentration of workers, and a still higher proportion of total wages paid, among the state's largest firms—those with more than 500 employees. It is now the case that two percent of the businesses are in this category. These large firms employ 45 percent of all workers and pay 49 percent of all wages.

The greatest relative gains occurred in the group of employers having 3,000 to 3,999 workers, for which employment multiplied more than six, and wages more than eight times.

NUMBER OF WORKERS	PERCENTAGE OF TOTAL IN SPECIFIED CLASS							
	Employing Units		Workers		Wages		Contributions	
	1940	1942	1940	1942	1940	1942	1940	1942
Under 50	84.93	83.22	22.60	20.42	24.80	19.85	24.83	18.39
50–99	6.60	7.50	9.09	8.85	8.91	8.07	8.92	7.69
100–499	7.02	7.35	31.07	25.84	28.46	23.61	28.39	23.57
500 and over	1.45	1.93	37.24	44.89	37.83	48.47	37.86	50.35
Total		100.00		100.00		100.00		100.00

The observable growth of larger firms, of course, means that lesser proportions of business units, workers and wages, appear for the smaller establishments. (See table.) But this does not mean that smaller firms have been shrinking while the larger ones have been growing, merely that the growth of large plants has been proportionately much greater. Actually, smaller businesses too have been expanding. A recent check of wage reports for the fourth quarter of 1943, reveals an additional 1,067 employers now having more than 50 workers on their payrolls, who in 1940 were either not covered employers or did not carry so many employees.

The greater concentration of employment among the state's largest industries which is demonstrated by the 1942 analysis, reflects a significant economic development for North Carolina. If it is due primarily to war production increases in payrolls, rather than, in a large part at least, to the more normal course of industrial expansion which has been taking place throughout the state for many years, the question arises as to whether the larger businesses will hold their gains and continue to increase after the war.

U. C. C. DENIES BENEFITS TO 619 COOLEEMEE WORKERS

A decision reached by the Unemployment Compensation Commission, and handed down on February 25th, affected some 619 claimants as employees of the Cooleemee plant of the Erwin Cotton Mills Company. While this decision follows earlier precedents, it breaks new ground in this particular case in denying benefit payments to the claimants because of their relation to a labor dispute which was found to be the cause of their unemployment.

The Unemployment Compensation Law carries a provision that disqualifies a claimant for benefit payments when it is found that his unemployment is due to a stoppage of work which exists because of a labor dispute, unless he can show that he is in no way directly interested in the dispute and does not belong to a grade or class of workers some of whom

are participating in or have an interest in the dispute.

The claims of the 619 Erwin Cotton Mills employees were filed with the Commission's representatives in May 1943, following a work stoppage which began on May 6th. Initial determinations by the Claims Deputy made on the basis of hearings and recorded evidence were appealed. The issue was removed to the Chairman of the Commission for a further hearing and final disposition.

One of the pertinent factors in the case was that the Textile Workers Union of America, Local No. 251, was recognized as the sole bargaining agency for all of the employees and claimants concerned, on the basis of an election under the National Labor Relations Act and a contract with the employer. However, the Union in this instance had in no way sponsored the labor dispute which arose on May 6th with the refusal of certain of the mill employees to continue work.

The decision of the Commission denying benefits to the Erwin claimants is a thoroughly documented report of some twelve pages. The denial of unemployment insurance payments rests on the application to the facts in the case, as brought out by the evidence, of established definitions of "labor dispute," "stoppage of work," "participating in," "directly interested in," "grade or class," etc. The Commission found that, as the employer's plant constituted a complete unit of operation, hindrance of work in one department was responsible for the interruption of work in others. Because all these employees had only one working agreement with the company, and one bargaining agent, and homogeneity of work, they must be considered as all belonging to the same grade or class of workers. Therefore not only are the particular employees who precipitated the labor dispute disqualified from benefits, but likewise all other employees in the plant. Though engaged in work in other departments, claimants must be considered as interested parties by virtue of their belonging to the same grade or class as the active disputants, since they are all represented by a single bargaining agent, and since they are engaged in chain production.

The Commision's statement at the close of the decision reads as follows: "It may be that most of the employees in this mill or plant did not want this strike, did not participate in any way or manner in this labor dispute, and, therefore, these employees feel that they are entitled to benefits. To these employees it may seem that this decision which deprives them from benefits is based upon technicalities, specious reasoning, and distinctions without differences. These employees must remember, however, that the Unemployment Compensation Commission can arrive at no other decision if it is to preserve its neutrality in disputes of this nature. The Legislature of the State has not delegated to the Unemployment Compensation Commission the right to pass upon the merits or demerits of labor disputes and the funds handled by the Commission, paid in by the taxpayers of the State, cannot be used to promote strikes or to reward strike-breakers, or to reward those who do not wish to participate in labor disputes. These claimants must also remember that they have voluntarily availed themselves of the law which gave them unified action under a single agent known as a bargaining agent. There is no criticism of these claimants because they availed themselves of this privilege, but claimants cannot claim the privilege of unified and concerted action for one purpose and then in the same breath contend that they are not bound by the acts and conduct of a minority group which is a part of their organization. The disadvantages of organized action must be accepted as well as the advantages."

VOLUNTARY CONTRIBUTORS TO EMPLOYER RESERVE ACCOUNTS

The Unemployment Compensation Law of North Carolina contains a provision, with regard to employer experience rating, for voluntary contributions to the insurance fund. Employers may make voluntary contributions to their reserve accounts. It is conceivable that voluntary contributions might bring the reserve balance up to such a point as to entitle the employer to a reduced rate or a further rate of reduction. Of course, it would be necessary for the employer to weigh the voluntary contributions against possible savings from a reduced rate.

Voluntary contributions must be made prior to the computation date (July 1 of each year) on special forms prepared by the Commission.

The table below indicates the number of firms which have taken advantage of this feature of the North Carolina law.

Industry Group	No. of employers as of June 30, 1942. Applies to tax rate for 1943	No. of employers as of June 30, 1943. Applies to tax rate for 1944
Building construction gen'l contractors	1	1
Textile Mill Products	4*	3
Furniture & finished Lumber products	1	
Paper and allied products	1	
Printing & publishing		2
Chemicals	1	
Trucking & Warehousing	1	2
Wholesale trade	2	1
Retail trade— gen'l merchandise		1
Retail trade—misc.		1
Insurance carriers	1	
Total	12	11**
Amounts	$392,517.00	$147,381.95

NOTE: The Unemployment Compensation Law forbids the publication of information which identifies any individual employer.

*Three textile mills made voluntary contributions of $50,000, $80,000, and $100,000 respectively. As a result, each received a reduced tax rate for the following calendar year of 1.02 percent of payroll. This is a saving of 62.2 percent from tax payments under the standard rate of 2.7 percent.

**All of these 11 employers are now paying 1944 payroll taxes at reduced rates. Five of them, by making such voluntary contributions in 1943, raised the balance in their reserve accounts sufficiently to entitle them to the maximum tax reduction. These five are paying the tax on 1944 payrolls at the minimum rate of .27 percent, which represents a saving of 90 percent of their tax if paid at the standard rate of 2.7 percent. The voluntary contribution made by one retail merchant reduced his tax all the way from the maximum to the minimum rate. For one of the textile manufacturers, the tax saving is estimated to be more than twice the amount of the voluntary contribution.

The Unemployed

The few unemployed who remain as claimants of unemployment insurance funds represent special problem cases. One of the most vexing problems has been that of the in-migrant army wives who locate in towns and cities near the camps and apply for work and unemployment compensation through the local offices, filing claims against wage credits earned in other states.

Several studies have been made by the Commission to determine what type of workers are still without jobs these days. A 1943 survey of 916 unemployed claimants indicated that 97 percent of them were in non-critical occupations, 90 percent were married, 70 percent were white, 63 percent were women, 45 percent had dependents, and 19 percent were from outside the state. Most of them were semi-skilled or unskilled workers, and presumably the large proportion of married women with dependents restricted the possibilities of transferring them to job openings outside their own communities.

The case of any claimant who refuses an offer of work is carefully investigated by one of the Commission's claims deputies. Three-quarters of all initial claims are currently being referred to the deputies for special examination.

The problem of the army wives who come into North Carolina to be near their husbands here in training, and who report themselves as unemployed, lies in the reluctance of local employers to take on women who may shortly want to move on again, should their soldier husbands be transferred elsewhere.

Among North Carolina workers registering unemployment claims, it is to be expected that a large number of them will be from the textile manufacturing industry which employs a little less than half of the state's workers covered by the insurance program. However, an analysis of benefit payments by industry of last employer, covering the second quarter of 1943, assigned only a quarter of the 28,917 payments made to textile manufacturing. Furthermore, only 2,627 of these payments were made to workers formerly engaged in tobacco processing and as few as 246 to those from the furniture industry.

On the other hand, a large proportion of the payments—13,268 in number—were made to workers who had been engaged in wholesale trade, particularly wholesaling in cotton and tobacco products.

The active file of claimants in offices in the eastern, central, and far western parts of the state for one week when only 477 jobless workers were drawing insurance, reveals the kind of unemployment problems which still exist. Most of the men are elderly, probably too old to be retrained, and have always worked at some specialized task such as sawfiling, bricklaying, timekeeping, or bookkeeping, for which there happens to be no call in the area where they live. Most of the women are textile workers from various operations and shifts on which they are not currently needed. Age, physical handicaps, trans-

INFORMATION OBTAINED FROM ANALYSIS OF THE ACTIVE FILE OF CLAIMANTS FOR UNEMPLOYMENT COMPENSATION

LOCAL OFFICE	Number Claimants in Active File*	Number Where Disability Mentioned	Occupation of Claimants	Reason Given for Claimant's Unemployment	Placement Problem
Asheville	32	8	Bookkeeper	Illness	No work available.
			Twisting Operator	Illness	Not able to work.
			Cloth Folder	Illness	Needs light work.
			Flatwork feeder	Illness	Not employable
			Carpenter Construction	No work	Feeble
			Audit Clerk Hotel	Disability	Feeble
			Thrower II	Disability	Able to do light work
			Instrument man	Illness	Breaks out with poison ivy when hot
Albemarle	15	3	Steam shovel	Illness	Held able—age
			Seamer	Illness	Child restricts to first shift
			Labor	Illness	Referred to job as watchman
Concord	19	1	Seamer	Quit Poor health	First shift only
Durham	38	3	Laborer helper	Illness	Bad ankle
			Hotel Mgr.	Illness	Age and health
			Civil Engineer	Illness	Work dull
Elizabeth City	9	1	Janitor	Illness	Age—no janitorial work
Goldsboro	6	1	Ammunition weigher	Quit—health	
Greensboro	41	1	Battery Filler	Illness	Pending Commission decision on appeal
Gastonia	5	5	Frame hand	Illness	Physical Condition limited availability
			Gateman	Discharged	Physical condition
			Watchman	Illness	Physical condition
			Foreman Construction	Illness	Physical condition
			Textile Supt.	Illness	Physical Condition
Hickory	5	1	Spinner Textile	Sickness	No openings
High Point	46	7	Ripsaw operator	Illness	Not able to work
			Frame hand	Illness	Not physically able
			Winder Tex.	Illness	Very little demand
			Winder Tex.	Illness	Very little demand
			Inspector Hosiery	Illness	Very little demand
			Shaper wood	Injury	Handicapped
			Molder wood	Illness	Age
Kannapolis	11	7	Spinner Tex.	Disability Leg injury	
			Loom Fixer	Sickness	Exhausted benefits
			Oiler	Sickness	Able to do light work
			Guide rail cleaner	Sickness	Dust and Atmospheric
			Stretcher Tex.	Sickness	Availability limited
			Oiler Tex.	Sickness	Age
			Elevator Operator	Physical Disability	Availability limited
Roanoke Rapids	10	2	Supply clerk Tex.	Sickness	Physical Handicap
			Quiller Tex.	Sickness	
Total	237	40			

* As of day survey was made.

portation difficulties, and the impossibility for some of night-shift work, all figure as reasons why these unemployed are not soon rehired. Many of the applications being received for unemployment benefits are from workers who were discharged because of illness. As long as they remain too sick to work, the law disqualifies them from receiving insurance checks.

Disability Insurance[1]

BY BARKEV S. SANDERS, CHIEF, DIVISION OF HEALTH AND DISABILITY STUDIES, SOCIAL SECURITY BOARD[2]

NEED FOR DISABILITY COMPENSATION

In reviewing the need for disability compensation as an integral part of our protection for workers against the major economic hazards of life, the risk of disability may be compared with that of unemployment.

The nature of the two risks. Disability, like unemployment, deprives a worker of his earnings. When his job stops, the able-bodied worker can often cut down his expenses but the disabled worker commonly faces increased expenditures for necessary medical services, hospitalization, and other auxiliary and related services and commodities. He is thus exposed to double jeopardy—not only loss of income but also new and burdensome expenditures against which he seldom can protect himself through individual budgeting. For an individual or a family, disability is not a predictable risk. None of us knows whether or not he will suffer disability in the ensuing 12 months, or the duration of such disability, if it comes, or the financial burdens it will bring.

Disability presents a more serious threat to the economic independence of workers and their families than an equivalent period of unemployment. The disabled worker is in even greater need of protection than the unemployed worker. Without complementary provision for disability insurance, our present unemployment compensation insurance program presents an anomaly in that the unemployed insured worker loses unemployment compensation if he is doubly unfortunate in becoming disabled as well as unemployed.

The relative prevalence of disability and unemployment. It has been estimated that on an average day there are some 3.5 million persons who, but for their disability resulting from disease or injury, would be at work or seeking work. The actual number so disabled on a day will seldom, if ever, vary by more than 20 percent from the average of 3.5 million. Therefore, according to the season, the prevalence of epidemic diseases and similar factors, probably from 3 to 4 million persons (6 to 8 percent of the labor force) are unable because of disability to work or to look for work on a given day.

The prevalence of unemployment has varied widely in recent years. According to the most recent estimate by the Census Bureau (September 1943), the unemployed numbered 800,000 or about 1.5 percent of the labor force. In July 1940, on the other hand, nearly 12 times as many persons—9.3 million—were jobless. In 1932-33 the unemployment figures were much higher. The best available estimate indicates that in 1933, manufacturing workers lost on the average 40 percent of their regular working time through unemployment.

Thus in years of extensive unemployment the volume of unemployment may greatly exceed the volume of disability. In years of reasonably good employment, such as 1941, the prevalence of these two risks may be about equal, while in boom years, such as 1942 and more particularly 1943, the volume of disability may considerably exceed that of unemployment.

If the risks of disability or of unemployment were evenly divided among all persons in the labor force, the economic consequences would not be very serious. Concentrated on the relatively few who actually lose a job or become disabled, the impact may be disastrous.

The frequency of occurrence. Among 1,000 persons in the labor force, about 600, on the average, will be disabled for a day or more during the course of a year, and these 600 will suffer at least 1,000 spells of disability. Some 200 persons out of each 1,000 are disabled for more than a week during a year, and in the year there are about 250 spells of disability of such duration per 1,000 persons in the labor force.

The frequency of spells of unemployment varies widely at different times and from place to place. It is estimated that for each 1,000 workers in the labor force in 1940, there were some 300 spells of unemployment lasting a day or longer. Spells of unemployment lasting more than a week numbered about 250 per 1,000 persons in the labor force—approximately the same number as that estimated for spells of disability lasting more than a week.

Duration patterns. A distribution of spells of disability lasting more than a week and of similar spells of unemployment in, say, 1940 shows approximately the following pattern:

	Spells of—	
	Disability	*Unemployment*
More than 1 week	1,000	1,000
More than 2 weeks	650	840
More than 3 months	100	220
More than 6 months	40	100
More than 12 months	25	40

[1] Readers are referred to the Fall-Winter 1942 issue of the U. C. C. QUARTERLY (pages 38-43) where this same topic was discussed historically under the title of *Compulsory Health Insurance.*

[2] This article is taken from an address delivered by Mr. Sanders at the Interstate Conference of Employment Security Agencies, Louisville, Ky., on October 20, 1943. Attention is called to a study—*The Prevalence of Disability Recorded Through Four Monthly Sample Surveys*—by Barkev S. Sanders and David Dederman, published in the SOCIAL SECURITY BULLETIN for August, 1943.

When longer periods of time are considered, the portion for disability eventually overtakes and exceeds that for unemployment.

In 1940 the volume of unemployment was about twice the volume of disability in terms of all durations exceeding a week but not a year. The threat of unemployment to economic security is not, however, twice that of disability, since disability entails not only loss of income but also additional expenditures for medical care.

Disabality as a cause of dependency. Many studies made during the last half century have shown repeatedly that sickness and disability constitute the most important single cause of dependency. Only in years of widespread unemployment does the contribution of sickness and disability to dependency drop to second place. Today, sickness and disability are probably responsible for about three-fourths of existing dependency as judged from past studies.

Historically, other than in the United States, social insurance protection against the risks of disability invariably antedated or accompanied provisions against the risks of unemployment. I believe that the United States is unique among the nations in having general unemployment insurance without a corresponding system of compensation for disability. This gap in our social insurance program ought to be closed if we are to provide reasonable protection against economic insecurity.

SPECIFICATIONS OF A TEMPORARY DISABILITY COMPENSATION PROGRAM

Coverage. Protection against the risk of temporary disability should be extended to all wage earners and salaried workers. It cannot be extended so readily to the self-employed. For the self-employed definite evidence of income loss because of disability is often problematic and it is difficult to establish the amount of such loss. Coverage should be identical for temporary disability and unemployment in order to avoid completely any gaps in protection and to eliminate any possibility of selection by workers of one benefit as against another.

Qualifying requirements. The object of temporary disability compensation is to compensate workers for part of the wage loss resulting from disability. Therefore, only those who depend on their earnings can be considered eligible for these benefits when their earnings cease because of disability. A worker's eligibility for temporary disability must depend upon evidence that he is more or less regularly a member of the labor force. This evidence may be established on the basis of some minimum earnings such as to give evidence of attachment to the labor force within a designated period of time preceding the claim. The eligibility requirement for temporary disability will thus be similar to that for unemployment compensation. In a coordinated social insurance system the requirements should be identical, so that workers who met the earnings qualification for the one benefit would ordinarily qualify also for the other, and hence would have no incentive to claim sickness benefits when unemployed or unemployment benefits when sick.

Definition of compensable disability. What should be the test of compensable disability? Should a carpenter who has injured a hand (assuming this injury was not in the course of his occupation) be eligible for compensation, even though he is able to undertake other work which does not require the use of his injured hand? A restrictive definition of compensable disability which declared him ineligible would create undue hardship. It would be unreasonable to require workers to take up new occupational pursuits when their disability is of a temporary character. Even when early recovery is not certain, it is socially desirable and administratively sound to compensate all disabilities which make it impossible, or injurious to health, for workers to continue in their current and—in the case of the unemployed—in their most recent or customary—occupation.

Certification. Certification of disability by a qualified medical practitioner should be a requisite for all claims. As a routine, such certification must be required with each weekly claim for compensation. Since effective certification of disability by a qualified physician is the cornerstone of a well-managed disability compensation program, the requisite administrative arrangements for it will be considered subsequently in greater detail.

Rate of benefit. As in the case of qualifying requirements, it is desirable that the benefit amount for unemployment and for sickness be the same, in order to minimize any tendency for individuals to claim one set of benefits in preference to the other, thus placing additional burdens on the administrators of these programs. Consequently, even though disabling sickness causes a greater drain on the economic resources of the worker, it is inadvisable for cash benefits in temporary disability to exceed those for unemployment. The additional risk of medical expenses should be met by appropriate insurance provisions for medical care rather than by more generous cash disability benefits. Since the costs of medical care are highly variable, the worker will furthermore be much more adequately protected by such an arrangement.

It is, of course, impossible to be sure that the individual worker will receive sickness and unemployment benefits of the same amount unless the two systems are coordinated. However, the amounts will be more nearly alike under separate systems if the benefit formulas which are used follow similar patterns. There would probably be no disagreement, in this group, that benefits which are too small to provide even subsistence are inconsistent with the purpose and objective of social insurance. The minimum benefit for those who qualify might well be the same for sickness as for unemployment benefits. It is also necessary to have a maximum; the object of social insurance is to provide basic protection.

It is particularly important in the case of disability to assure that the benefits are not so attractive as to discourage the incentive to work. To meet this criterion and at the same time avoid the payment of benefits so small that they utterly fail their purpose,

(Continued on Page 58)

North Carolina Plants Continue to Win Awards

The Army-Navy "E" and the Maritime "M" awards won by the firms named in our Honor Roll, have been given for outstanding production of the materials demanded by war. The plants above which award pennants fly should be viewed by all North Carolinians with special pride.

To flags which have flown six months or longer, stars are now being added as testimonials that the plants are equalling or exceeding the record made in winning the original penants. All initial awards are reviewed periodically to determine whether a service star is likewise due. A decrease in production standards due to a situation within the control of plant personnel, either management or labor, could bring withdrawal of the pennant.

In the case of each award, excellence in the quality as well as the quantity of production, rather than the size of an establishment, are decisive. Careful surveys of factors which are considered essential to "Excellent" production are made by government authorities. When a survey is favorable, the plant is nominated for approval as a winner. The basis on which surveys are made includes an examination as to the kind and amount of production on war contracts, the ratio of such war production to other output, and the quantity produced in terms of available facilities. Weight is given to a plant's demonstrated ability to overcome such obstacles as construction changes, material shortages, maintenance of equipment, and the shift from civilian to war production.

The character of a plant's industrial relations are also studied. Are fair labor standards in practice? Are living and working conditions such as to attract and hold the best workers and reduce labor turnover? By what means is the employee complement kept full at all times? Full operation of a plant is of first importance and requires a training program for some labor replacements, conducted in such a way that it does not slow down production.

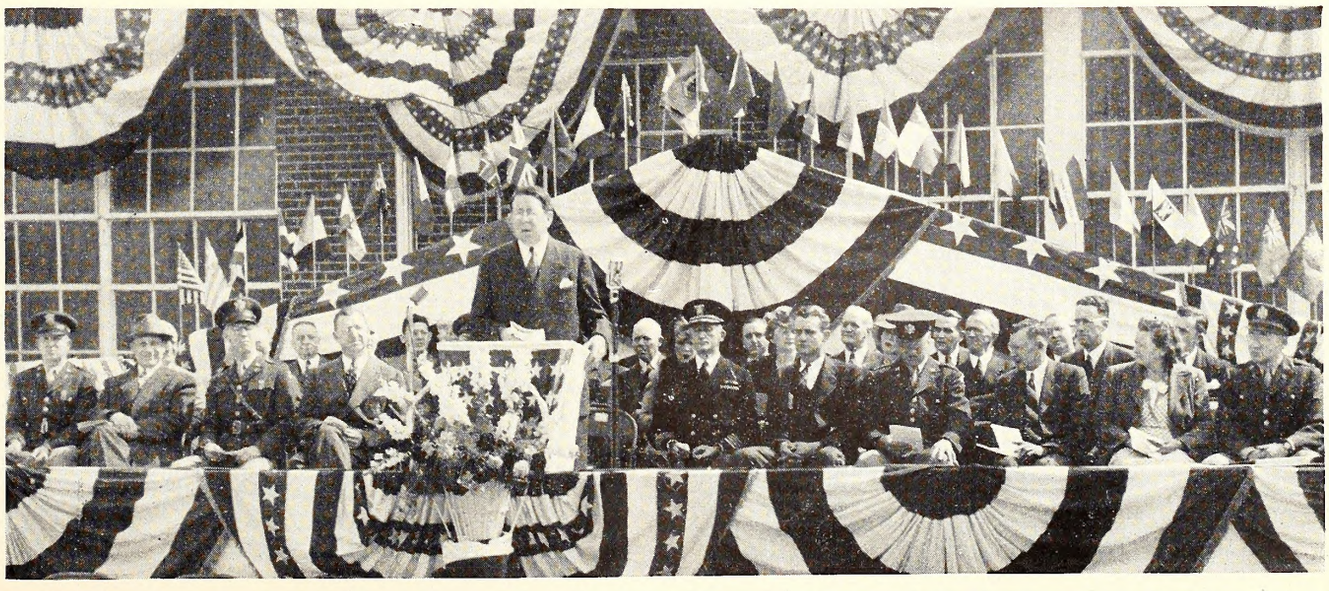
Plant management is accredited in proportion as there is evidence of cooperation among its own departments as well as with the Government's program. Is management deficient in any respect, or has it done everything possible to increase production and decrease cost?

The extent of a plant's provisions for the safety and health of its working force is also an important

HONOR ROLL—NORTH CAROLINA FIRMS WHICH HAVE WON WAR PRODUCTION AWARDS

COMPANY	Place	Date	Product
ARMY-NAVY "E"			
**Chatham Manufacturing Co.	Elkin	August, 1942	Blankets
**Cramerton Mills	Cramerton	September, 1942	Cotton yarns and Cloths
**P. H. Hanes Knitting Co.	Winston-Salem	November, 1942	Underwear
*Edwards Co.	Sanford	November, 1942	Engines
Carolina Aluminum Co.	Badin	November, 1942	Aluminum
*National Munitions Co.	Carrboro	January, 1943	Ammunition
J. A. Jones Construction Co.	Charlotte	March, 1943	Camp Mackall
**Wright's Automatic Machinery Co.	Durham	April, 1943	Fire control instruments
Blythe Brothers Co.	Charlotte	April, 1943	Camp Lejeune
Goode Construction Co.	Charlotte	April, 1943	Camp Lejeune
Harrison Wright Co.	Charlotte	April, 1943	Camp Lejeune
Barnhardt Manufacturing Co.	Charlotte	April, 1943	Textiles
*Revolution Cotton Mills (Cone)	Greensboro	May, 1943	Textile products
*Proximity Manufacturing Co. (Cone)	Greensboro	May, 1943	Textile products
Marshall Field & Co.	Spray	August, 1943	Woolen goods
North Carolina Finishing Co.	Salisbury	March, 1944	Textile products
Firestone Cotton Mills	Gastonia	March, 1944	Textile products
U. S. Rubber Co.	Charlotte	April, 1944	Shell loading
MARITIME "M"			
******North Carolina Shipbuilding Co. Also has Merit-Eagle Pennant	Wilmington	August, 1942	Cargo vessels

*(Stars awarded for continous meritorious production.)



Various persons who took part in the North Carolina Finishing Co. award program heard Governor J. M. Broughton of North Carolina, as master of ceremonies, open the program. *Illustration reproduced through courtesy of* TEXTILE BULLETIN.

Worker carefully stacks some of the thousands of shining shells prior to shipment to the fighting fronts. *Official OWI Photo by Ank Rosener.*

factor in these awards. Accident records, sanitation, and protective measures in use for safeguarding health are all considered.

War production awards are not lightly bestowed, but have been truly and well earned by those who receive them. They are real badges of merit.

U. S. RUBBER CO.

Announcement was made in March, 1944, that the shell-loading plant of the U. S. Rubber Company which was built in Charlotte—construction began in the summer of 1942—has already won an "E" award in the relatively short time it has been operating. Presentation of the award took place in April. A feature of the occasion was an address by Rear Admiral George F. Hussey, Jr., Chief of the Navy Bureau of Ordnance to the thousands of war workers gathered for the ceremony.

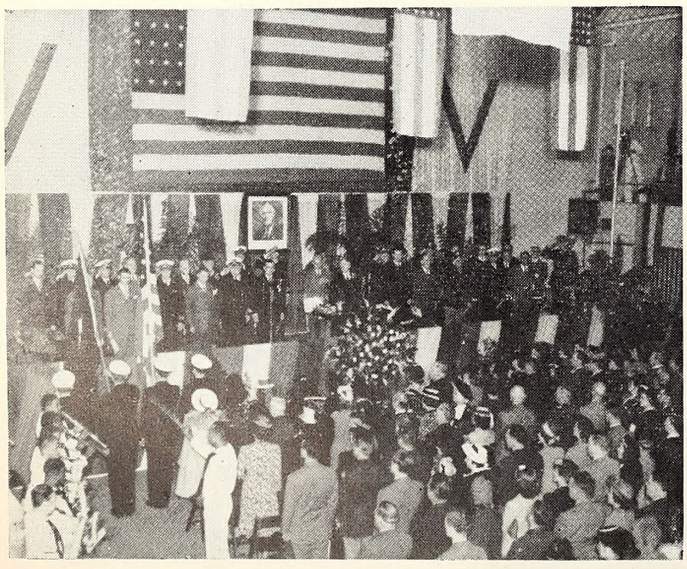
WRIGHT AUTOMATIC MACHINERY CO.

A second star was added this April to the Army-Navy "E" pennant flown by the Wright Automatic Machinery Co. of Durham. The Wright plant received its original award "for excellence in performance of war production" in April 1943. A first star was added in September, 1943, and the second star in April, 1944.

The Wright Automatic Machinery Co. is making fire control instruments for the U. S. Navy. Construction of the present modern plant was undertaken in September 1941, for the purpose of making Automatic packing machinery. Six months later it was in production—turning out the tools of war.

Sharing in the Wright award are about 1,000 carefully trained workers.

Looking beyond its present war production, the company intends in peacetime to return to its original plan of manufacturing packaging equipment.



Presentation ceremonies of the "E" pennant to the Wright Automatic Machinery Company in Durham.

Employes of the Wright Automatic Machinery Company greet the news of their first Army-Navy "E" award.

FIRESTONE COTTON MILLS

The Gastonia plant of the Firestone Cotton Mills celebrated its award of the Army-Navy "E" in March. Taking part in the ceremonies were Russell Firestone representing the parent company, the Army and Navy representatives, Governor J. M. Broughton, Mr. Harold Mercer, Vice President and General Manager of the Gastonia plant, Mr. Nelson Kessell, plant Superintendent, Mr. W. A. Karl, Vice President in charge of textile manufacturing, and five workers chosen to represent the others. Master of ceremonies was Mr. Hugh James, Voice of Firestone radio announcer. The Firestone plant, with some 2,000 employees, makes tire cord fabric.

Five workers were chosen to accept the "E" award for the Firestone workers as a whole. Appearing from left to right are Private Robert Williams, former Firestone employee, wounded overseas and now convalescing at a Government Hospital, who came to pin badges on the workers; Ben Davis from the Carding Department (son in Navy); Mrs. Mattie McDanie from the Spinning Department (three sons in service), who has not missed a single day's work since Pearl Harbor; Mrs. Bessie Gaines of the Spooling Department (two sons in service); Mr. Carmer Little of the Mechanical Department; and Mr. Mayberry Prince (not in picture) of the Weaving Department.

NORTH CAROLINA FINISHING CO.

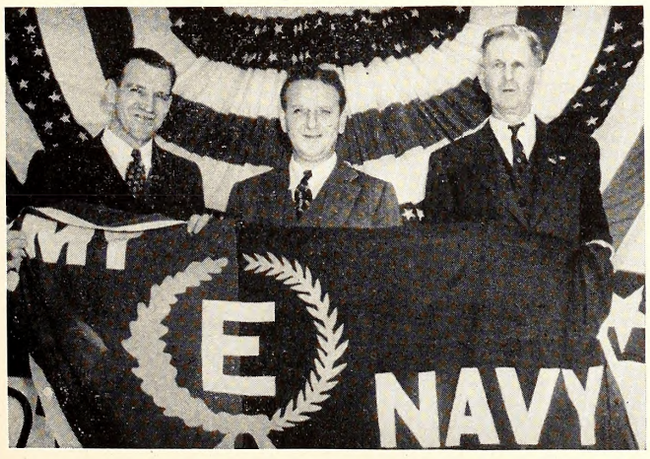
The "E" flag was presented to the finishing company at ceremonies in Yadkin in March by Col. T. W. Jones of the Philadelphia Quartermaster Depot, representing the Army; while "E" pins, which each worker is entitled to wear, were presented to Clifford Myrick, Laura Walser and Reuben Walser on behalf of the others, by Capt. W. S. Popham in charge of the Naval ROTC at Chapel Hill, representing the Navy.

THE EDWARDS CO.

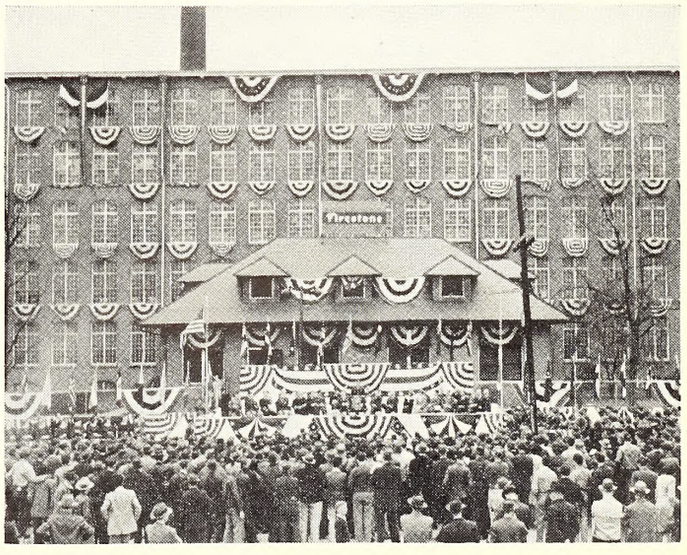
The Edwards Division of the Deisel Engine and Aircraft Corporation, located in Sanford, has also been awarded the Army-Navy Service Star for "meritorious services on the production front," in addition to the pennant which the company was already flying. The Edwards Co. manufactures airplane and ordnance parts.

NORTH CAROLINA SHIPBUILDING CO.

This company which won the Maritime Commission's "M" pennant in 1942, for its record production of Liberty Ships at Wilmington is now the proud possessor of ten gold stars and the Commission's "Eagle" award.



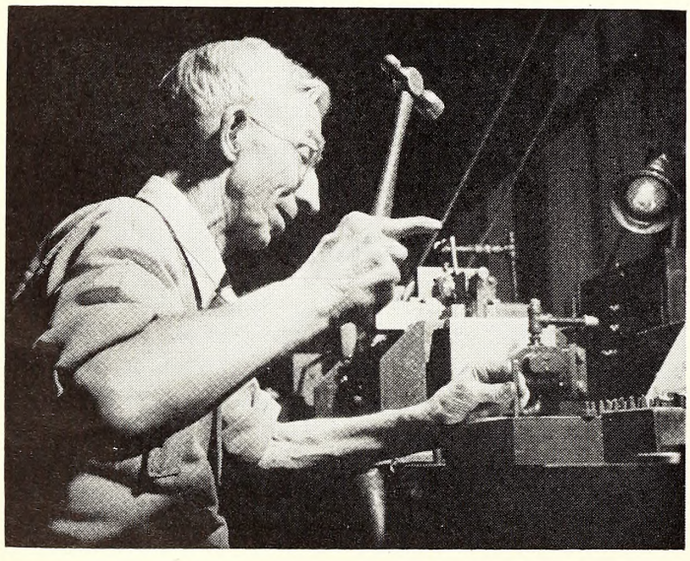
Harold Mercer, R. A. Firestone and Ben Davis (left to right) display the pennant presented to Firestone Cotton Mills. *Illustration reproduced through courtesy of* TEXTILE BULLETIN.



Award of the Army-Navy "E" is made to the Firestone Cotton Mills of Gastonia. The entire group of workers assembled in front of the plant for the occasion.

Neither Too Young Nor Too Old

(1)



(2)

(3)

With our nation engaged in its greatest war production effort, employment demands have been calling forth all our country's labor resources. In many ways and in many places both the young and the old are putting their shoulders to the wheels of industry.

The extent to which young people have entered employment in North Carolina is indicated by the more than 100,000 child labor permits which the State Department of Labor reports having issued since the beginning of the war—chiefly to 16 and 17 year olds.

Under the Governor's Emergency War Powers Proclamation, relaxations in the hours of work for minors and for women are permitted under certain specific conditions. Among the young girls working on special employment permits in order to meet war conditions, are telephone operators such as those shown at the switchboard of the Charlotte exchange.

(1)

TELEPHONE GIRLS are rendering a conspicuous war service. See story on opposite page. *Photo by Southern Bell Telephone Company.*

(2)

MATURE SKILLS gained from long experience are needed back of the production drive. Illustration shows a die maker in a converted Kentucky watch case factory who brings rare ability to the plant's war-time job of making compass cases, fuze baffles, machine gun parts and other essential articles. *Official OWI Photo by Palmer.*

(3)

A GRANDMOTHER with two sons in the Army, does her daily shift in the family's garage shop. Mrs. Earl La Roe of Eustis, Florida, is shown cutting worm gears required for Army aircraft equipment, as part of the war production from an industrial pool. *Official OWI Photo by Hollem.*

SPECIAL STUDIES MADE IN 1943 BY BUREAU OF RESEARCH AND STATISTICS

Changes in Coverage, Employment and Wages, By Size of Firm—Jan. 1940-Dec. 1942.

Effect of Demobilization and Readjustment on North Carolina Employment and Unemployment Compensation.

Employment Due to War Production.

Employer Experience Rating in North Carolina.

Geographic Distribution of the North Carolina Labor Force, Employment and Earnings, 1940, 1942 and 1943.

Index of Unemployment Compensation Load Factors.

Industrial Distribution of the North Carolina Classified Labor Force 1940; Employment and Earnings 1940-1942.

Industrial Trends in North Carolina, 1940-1942.

Solvency of Benefit Funds in Post-War Period.

Trends in Industry, Employment and Wages, 1940-1941-1942.

The Switchboard As A Battle Front

More than two-thirds of the employees of the Bell System are women and by far the most interesting and important work being done by telephone women in this present war crisis is that of local and long distance operating.

THE IMPORTANCE OF TELEPHONE SERVICE

In time of war, telephone calls speed troop movements—speed the building of guns, tanks and planes. In peace, business uses the telephone extensively—families depend on it in daily living and in emergencies. Telephone service is a vital link to armed services, industry and civilian effort in winning the war and the work of every operator is directed toward one end—Victory.

Operators are impelled to greater efforts by the ever present heart throbs these days resulting from that call to "Mom" by the boy whose ship leaves soon or that call announcing the son and heir who will be there to welcome "Dad" home.

Telephone operating has long been regarded generally as a fine field for young women—a field which challenges their best efforts. Young women find it fascinating and somehow the spirit of service gets into the blood to stay. Since our entry into war, someone said "We have been engaged in one of the greatest human services which must be continued whatever difficulties nature or man may interpose. In times of stress its continuance often depends on the initiative and devotion of the individual employee."

THE OPERATORS' JOB

Because of the specialized nature of the work all telephone girls are trained at the very beginning by the company and are paid while in training. Enough training is given so that an employee may attain a fair degree of accuracy before she is allowed to answer customers' calls. After that she is closely supervised until she becomes efficient. Automatic increases in salary are made periodically.

Permanency is an important feature; the job of operating will be going on after the war. A thorough knowledge of operating is the best background one could have for positions of greater responsibility with the Telephone Company, as such positions are filled by promotion from the ranks of operators.

The company's maintenance of its own medical department and the sickness benefits for employees go a long way in taking care of those unexpected expenses caused by illness. There are also plans for group insurance and hospitalization which can be taken care of through the company and an employee pension plan which guarantees a secure income in later life.

In normal times telephone girls are on a five-day working week. Today in practically all exchanges a six-day week is worked and operators are paid time and one-half for all time over forty hours. Vacations with pay are given—after the first year's service, one week; after two years, two weeks; after fifteen years, three weeks.

Attractive rest rooms, conveniently arranged locker rooms, and wash rooms contribute to the comfort of employees during their hours off duty. In many exchanges there is a cafeteria with a matron in charge who serves meals at a reasonable cost to all employees who desire to eat their meals in the building.

SPECIAL SERVICE FOR SERVICE MEN

As more and more men are pouring into Army reception centers, training camps, flying schools, naval stations, more soldiers, more sailers and more marines are making more telephone calls. North Carolina has been reported as having more military men in training than any other Southern state. One million men, two million men, three million men—millions of men wanting from time to time to call mothers, wives, friends and sweethearts by telephone.

A lot has been done to make telephone service to men in uniform adequate and satisfactory, and better still to make it more convenient and more personal. "Attended" public telephone service is furnished at many military establishments with one or more operators on duty. Directories from different cities are provided for looking up the addresses of folks back home. The operator takes a call, records it, passes it to the central exchange and notifies the party calling when the connection is completed. If there will be a delay, the attendant explains the situation, so that the caller, if he wishes, may go away and return later about the time completion is due. Attended public telephone service is thus personalized. It is particularly helpful in peak hours both to the service men and to the Telephone Company because it makes the most efficient use of the equipment.

ADDITIONAL WAR ACTIVITIES

There has never been a time when the work of the telephone operator has been so important as right now. For there are more long distance calls than ever before. More are in a hurry, particularly the urgent calls of war. The tremendous increase in the communications load is constantly demanding extra work hours from the girls that handle the traffic.

Neverthless they are putting in much off-duty time in related war activities, which include First Aid training, sewing and knitting for the Red Cross, and hospitality programs for the men in service.

Telephone men and women of North Carolina recently shared the National Security Award of the Office of Civilian Defense for establishing and maintaining a "superior standard of protection and security" of wartime telephone service. The award is given to organizations which demonstrate exceptional achievement in total protection and security of their property, their services, (or production)

and their employees against such occurrences as air attack, fire, sabotage and avoidable accidents. The award was presented in Atlanta, in recognition of the activities of more than 30,000 telephone workers in more than 900 cities and towns of nine Southern state. All the North Carolina exchanges were included.

The girl operator, in doing her part each day in the giving of accurate, speedy and helpful service in our vitally important business of communications, may have the inner satisfaction of knowing she is at the very heart of the war effort.

CIVILIAN AWARDS*

Testimony to the effect that the stimulus of the Army-Navy "E" and the Maritime "M" production awards has been very great constantly is accumulating. Both management and labor on the home front have been helped to even greater efforts and results by these recognitions of unselfish devotion to the great task of turning out the vital materials of war. Now both directors and workers in a category other than those previously recognized are to receive an achievement award for work well done. These are the seasonal processors of food. The fact that they are not year-round operators makes them ineligible for Army-Navy "E" recognition. But if they meet the same high standards demanded for that badge of honor they are to receive the award of the War Food Administration's "A" flag. Qualifications considered in selection for the award will include ingenuity in the development of war food products, low absenteeism, cooperation in the various food purchase programs, accident prevention and the like.

A number of vital factors on the home front still lack recognition in the form of public awards. The power and utility companies, the communications companies, and even the enormously busy railroads do not fall within the technical requirements for existing awards. There would seem to be little reason why the powerful incentive which existing awards for merit have supplied should not be extended to such fundamentally important elements as the electric light and power industry, which has shown an increase of 73 per cent in its kilowatt hour output since 1939; or the telephone industry, which last year handled 93 per cent more long-distance calls than in 1939; or the American railroads, which in 1942 increased the ton miles moved as compared with 1939 by 92 per cent and the pasenger miles by 135 per cent in the same period. The service industries have done and are doing an outstanding war job. They, too, deserve an accolade.

*From the editorial page of *The New York Times*, Oct. 23, 1943.

DISABILITY INSURANCE

(Continued from Page 52)

it is highly desirable that the benefit formula reflect not only average earnings but also the presumptive needs of the worker. There is a strong case for varying the amount of the sickness benefit according to the number of persons dependent on the worker, thus assuring greater adequacy of benefits with minimum increase in over-all costs and minimum danger of malingering.

Waiting period. It has been noted that for each 1,000 workers there are probably, during a year, at least 1,000 spells of disability lasting a day or longer; insurance provisions—especially if the benefits are attractive in relation to wages—may actually increase this rate appreciably since compensation for part of the wage loss makes it possible for some persons who otherwise could not do so to stop work for a few days when they are sick. It is estimated that from three-fourths to four-fifths of all disabilities lasting a day or more do not exceed 7 days, in duration. To process millions of claims in which the loss of earnings is only for a day or two and, in any case not more than 7 days would be an administrative burden hardly justified by the resulting benefits. There are relatively few workers who cannot be their own insurers for such brief disabilities. Moreover, experience indicates that compensation of very brief disability unduly increases the number of claims. A conservative plan for this country probably would be to require a waiting period of 7 consecutive days of disability immediately preceding the first benefit week.

Costs. With specifications consistent with the principles and framework outlined above and with reasonably good administration, the annual cost of the program including administration probably would be, on the average, about 1 percent of taxable pay roll.

GENERAL ADMINISTRATIVE PROBLEMS

Certain administrative problems in a disability compensation program are specific and quite distinct from those of unemployment compensation. Only some of the more important can be mentioned here.

Certification. The means of certifying claims is a crucial administrative problem in disability insurance. The insuring agency does not see the disabled claimant. The claim is submitted through the mail. Nor is the employer certain of the cause of an employee's absence. Therefore, the primary check that the insurance office has on the validity of a claim for disability compensation is the physician's certification of that fact. It is not possible to administer a sound disability compensation program without requiring certification of disability by qualified physicians.

Theoretically, claims could be controlled most effectively through certification by physicians directly responsible to the insuring agency. It would be socially wasteful and professionally objectionable, however, to engage large numbers of physicians merely for the weekly examination of all claimants for the purpose of certification. It would be much more practical to depend largely on the findings and the recommendation of the claimant's personal physician, reserving the right to review and reject his recommendation and to reexamine the claimant when the physician's report as to alleged facts or his recommendation seems questionable. A relatively

small number of physicians in the employment of the insurance administration could assure reasonably valid certification by most physicians. Probably no more than a very small proportion of cases would require reexamination if practicing physicians were aware of their responsibilities and both they and their patients knew that their recommendations were subject to challenge.

Educational program. There should be a vigorous and continuing educational campaign describing the purpose and scope of the insurance program. This campaign not only should inform the workers of their rights but also should emphasize their obligation to see that funds are not dissipated in unwarranted claims. It should enlist the interest and take advantage of the leadership of recognized labor organizations. There must also be an educational program for the physicians whose cooperation and understanding of the social objectives of the program are essential. Thorough understanding of the purpose of a program for disability insurance and the dangers to guard against in its administration is necessary on the part of the administrative staff at all levels. These measures are essential since objective determination of the existence of disability is very difficult in many instances. What in insurance parlance is called the "moral hazard" is a serious danger and must be guarded against if the solvency of the program is to be assured.

Research. The task of assuring effective certification can be greatly aided through an efficient research organization. The usual duration of disability for specified diseases can be determined with considerable precision and can be used in selecting cases which require special review of certification because of unusually long duration. It is possible that marginally employed persons, persons with supplementary insurance protection, and those with domestic responsibilities are more likely to make unwarranted claims than workers in general. Wide differences must be anticipated in the care and readiness with which different physicians issue certification for disability; statistical and medical analyses of claims experience serve to indicate when certification is lax. It will also be desirable to make special studies of claimants who have received unemployment or other current cash benefits in the course of the same benefit year. These and other analytic procedures—especially if used in conjunction with educational activities for the public, labor organizations, and the medical profession—can be of considerable effectiveness in concentrating attention on the areas in which abuse is most likely, thus facilitating economy in the use of administrative personnel, minimum interference with most claims, and yet effective detection and control of unwarranted claims. Claim forms should be so designed as to provide the necessary information for the desired analyses.

Other problems in certification. An important question arises in the definition of a "qualified physician." In most states medical practice is restricted to doctors of medicine licensed to practice medicine in that state. Some states license osteopaths, naturopaths, or other special practitioners. Certain religious groups have their own healers, such as the Christian Science practitioners. Without being dogmatic, it may nevertheless be said that effective control of claims would be more likely if, insofar as is possible, certification is restricted to licensed doctors of medicine.

Maternity benefits. Because of the special social interest in maternity, a disability insurance program should give special consideration to pregnant insured women. Whether or not normal pregnancy disables the worker depends on the individual, the nature of her occupation, and other circumstances. Medical and health authorities, however, commonly consider it advisable for expectant mothers to discontinue work for some time before the anticipated date of delivery and to abstain from work for some time afterward. If such cases are certified as disabled, in the normal routine, there would be a tendency to relax the ordinary criteria which warrant a claim for disability. It is preferable, therefore, to make special provision for maternity cases. An insured woman who discontinues work should be eligible for a fixed number of weeks of maternity benefits before and after the date of the delivery. The amount of such benefit should be identical with temporary disability benefits, and the duration may be fixed—for example, 6 weeks preceding the expected date of delivery and 6 weeks following delivery. There should be special claim forms for this purpose, and certification by the attending physician should be required. Maternity benefits should be paid if the claimant is not in receipt of any other insurance benefit relating to wage loss and if she refrains from gainful work during the benefit period. Maternity benefits should represent an additional benefit right, and should not reduce the number of weeks during the benefit year for which the individual can receive temporary disability benefits.

Rehabilitation. Provisions should be made for early referral of cases with special medical or rehabilitation needs. All claimants whose disability has lasted more than a specified time and who are not already receiving needed medical or rehabilitation services—especially if medical opinion indicates that the disability is otherwise likely to continue—should be brought to the attention of appropriate and available medical or rehabilitation services.

Coordination and correlation. There should be close coordination between the disability program and that for unemployment compensation. Placement services should be available to the disabled upon recovery on the same basis as for the unemployed.

Whatever the administrative patterns for disability compensation if work-connected cases are not compensable under this program, there should be mutual arrangements with the workmen's compensation agencies to assure prompt disposal of the claim in cases in which the occupational origin of the injury or disease is uncertain, with interprogram reimbursements for cases which receive benefits under one program but are found subsequently to be compensable under the other.

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POSTERS:

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Notice to Workers—Partial Benefits.

STATISTICAL REPORTS:

(Current series, mimeographed.)

Business Activity in North Carolina as Reflected by Movements in Selected Indicators—Current Trends (monthly).

Unemployment Compensation Trends (monthly). This report began with June 1943, and succeeds three of the former monthly series reports:

(1) Summary of Claims Activity

(2) Summary of Local Office Operations

(3) Number and Amount of Benefit Payments, by Office (monthly).

Weekly Summary of Initial and Continued Claims Taken and Benefit Checks Distributed by Area and Office.

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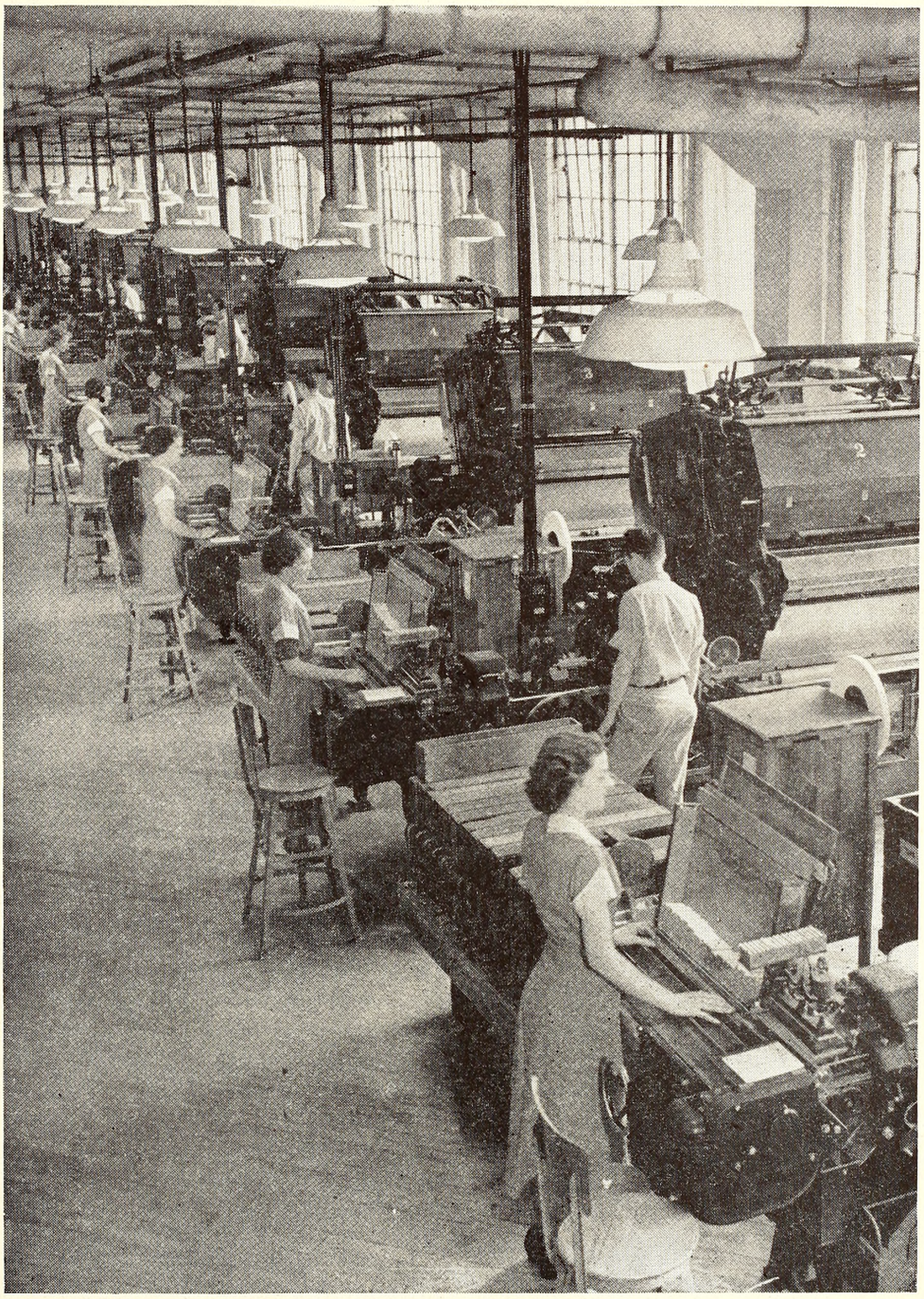

Making Cigarettes

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A. L. FLETCHER . . . . . *Chairman*
WILLIAM R. CURTIS . . . . . *Director*
MRS. FRANCES T. HILL . . . . . *Editor*

Regular Contributions in each issue from the

UNITED STATES EMPLOYMENT SERVICE FOR NORTH CAROLINA

Agency of the War Manpower Commission

Cover illustrations represent typical North Carolina industries under the unemployment compensation program.

Cover for Summer, 1944—Making Cigarettes. Illustration by courtesy of the R. J. Reynolds Tobacco Company of Winston-Salem. See the article in this issue of the QUARTERLY on *Tobacco—A Source of Tarheel Livelihood.*

Sent free and upon request to responsible individuals, agencies, organizations and libraries. Address: U. C. C. Informational Service, Raleigh, N. C.

CONTENTS

	Page
Colonel Fletcher	62
The Demands of Peace, By Harry D. Wolf	63
New Production Awards	63
Unemployment Compensation—Program of the States	65
Resolutions Adopted by the Governors' Conference	70
Combining Wage Credits, By G. D. Pearson	72
Reciprocal Coverage	73
Tobacco—A source of Tarheel Livelihood	74
Domestic Service Held Suitable	79
Notes on U. C. C. Operations	80
Unemployment Compensation—How Long Does It Last	
Employer Tax Rates To Be Lowered	
Commission Hears Strike Cases	
U. C. C. and the "G. I. Bill of Rights"	82
Migration of Workers To and From North Carolina	84
Effect of Clearance Recruitment on Local Labor Markets, By Gladys Fielding	86
Maximum Post-War Employment, By Silas F. Campbell	89
The Services of War Prisoners	91

COLONEL FLETCHER

Editorial from the *High Point Enterprise*, June 19, 1944.

Col. A. L. Fletcher has left the Selective Service set-up and returned to Raleigh, where he belongs, to resume the chairmanship of the Unemployment Compensation Commission of North Carolina.

Whatever his new, or resumed, duties—and now that the War Manpower Commission has got its finger in most things relative to work, and is poking at others, that is a matter some doubt—A. L. Fletcher will be a welcomed addition to the official life of North Carolina.

We do not hesitate to say that he is better fitted to handle problems of labor and employment than almost any man in the state—and if there is an exception it is State Commissioner of Labor Forrest Shuford, who was Colonel Fletcher's assistant when the Major held that position and who's original appointment was largely the result of the Major's 101 percent endorsement.

The first time A. L. Fletcher went to Washington —resigning his state position to accept an appointment with the Department of Labor—proved a great mistake. The man was—and is—so fair and honest in his convictions that labor deserves a better break, and was so certain that the New Dealers believed as did he, that his awakening, once he found that the labor interest of so many Washington bureaucrats was purely political, was tragic. He got out as soon as he could and the state was lucky enough to get him back as Chairman of the UCC. Then came the war. As the Major—not the Colonel—had always kept his reserve status, he was called into service. General Hershey utilized his unusual experiences and abilities by making him a part of the Selective System. It is not surprising to those who know the character of the service he always has rendered his country and his state that General Hershey, upon releasing Colonel Fletcher, took occasion to praise him for "the outstanding quality of his service and the substantial contribution which he has made to the administration of the Selective Service Act."

But as pleased as we are with Colonel Fletcher's recognition, we are more concerned with the future utilization of his abilities in North Carolina. There probably isn't much for him to do as Chairman of the UCC right now—unemployment being at a minimum. But here is a man who knows the problems of labor, who knows the national manpower shortage, and who knows the good and bad of Washington bureaucracy as few North Carolinians do today. In fact we doubt if there is a single man in the state who has the combination of knowledge, experience and judgment on labor matters that he has. We earnestly hope, therefore, that the Governor and the federal government utilize this man's capacity for capable public service.

But even if they don't, we are glad to have him home. Sooner or later A. L. Fletcher, in his quiet and unassuming way, will be serving North Carolina labor, management and capital as few have been able to do—before or since he left us.

COMMISSIONERS COMMEND U. C. C. STAFF

At their June meeting, the Commissioners took occasion to have committed to writing their commendation of the services of the three U. C. C. Staff members who, as acting heads of the agency, carried the responsibility for its affairs during the more than two years that the Chairman, Col. Fletcher, was on military leave.

Present at the meeting were, C. E. Cowan, C. A. Fink, R. Dave Hall, R. Grady Rankin, and Harry D. Wolf.

Upon motion of Mr. Hall, seconded by Mr. Cowan, which motion prevailed, the Commission passed the following resolution and directed that it be entered in the minutes of the Commission:

"We the members of the Unemployment Compensation Commission wish to commend Dr. Curtis, Mr. Moody, Mr. Martin, and all those associated with them, who have assumed extraordinary duties during the absence of our Chairman, for the splendid job they have done. We wish to express to them individually and as a Commission our appreciation for the fine services they have rendered during this period."

THE DEMANDS OF PEACE

By HARRY D. WOLF, *Commissioner*

"After the war . . . !" It seems a safe bet that a Gallup Poll would show that this phrase recurs more frequently than almost any other in our thinking, in our everyday conversation, and in the daily press. In a sense it has become symbolic of our fondest hopes—hopes for the speedy and safe return of loved ones; for the resumption of a way of life not dictated by war; and for a better and fuller life for all.

That the courage and strength of our armed forces, supplied with the best equipment that the home front can offer, will crush the enemy and remove the threats that all too long have hung over the world, there can be no doubt. But what assurance is there that life in the post-war world can be made more abundant for the average citizen than it has been in the past?

One reason for thinking so is that at the close of the war, so far as we can now see, we will have all the essentials for a substantially higher standard of living than we have ever enjoyed in the past. We will have a greater number of skilled men and women in industry than we have ever had before. Our productive capacity in the form of factories, machine tools, and other equipment has greatly increased in the past three years, doubling and redoubling in some lines. There is no evidence that our natural resources will be impaired seriously, if at all. Here, then, are all the physical requirements for better homes, schools, hospitals, automobiles, radios, and the thousand and one things which enter into our standard of living.

The presence of these things, essential though they are, does not in itself guarantee that there will be jobs for all. Jobs for all, with all that is thereby implied in terms of goods and services, can be assured only if there is, first, a general realization that we must find jobs for all; second, a determination to bring this about; and third, a plan or plans which will actually make this determination effective.

It would be gratifying to report that such a plan or plans had been worked out fully and agreed upon. Such, however, is not the case. There is ground for optimism, however, in the fact that for the first time in our history there is general acceptance of the responsibility of providing jobs for all, and in the further fact that there is no lack of determination that this shall be accomplished. On these points private enterprise, labor, and government are in full agreement. And there is further ground for optimism in that all groups are actively formulating plans to this end. The fact, that as of this date there is no formula completely worked out and accepted, is no reason for selling America short. There is every reason to believe that, once the absolute necessity has been realized, a nation that can organize itself to meet the demands of war, as this nation has done, can and will organize itself to meet the demands of peace.

New Production Awards

North Carolina's honor roll of firms which have won war production awards recently has had some new names added.

ARMY-NAVY "E"

The Kure Beach Plant of the Ethyl-Dow Chemical Company in Wilmington received the Army-Navy "E" on July 26. The ceremonies marked a great day for Wilmington, since the chemical plant has been one of its leading peace-time organizations whose product—bromine derived from sea-water—ranks as a critical war necessity.

Other bromine extracting plants have been installed in Texas and on the east and west coasts, but at the time of our entry into the war, the Ethyl-Dow Chemical plant at Wilmington was the only one of its kind in this country that was operating successfully.

The award was presented by Maj. John W. Thurlow for the Army and Lt. John M. Wilson for the Navy. G. E. Cantwell, general manager of the plant, received it on behalf of the company, and Max Register, veteran employee, as a representative of the workers. Mr. Cantwell's words of acceptance tell the story.

"This honor is accepted as an individual award of merit to every one in our organization.

"Our efforts lie in a field which lacks the direct appeal of actually seeing ships go down their ways or planes and tanks come off an assembly line. Few

of us ever see our finished product, which is piped to our tanker barges and sent on its way to ultimate war use.

"Although not spectacular in appearance, our product serves a vital part in the production of high octane gasolines, which give our planes and other motorized equipment the ability to outperform anything the axis can bring against them. It is only when we realize that through our product we are accompanying every pilot on his flying mission, every tank and PT boat, every infantryman in his jeep—it is only then that we can visualize the part the employees of this plant are playing in this war.

"In the successful prosecution of a war there must be two armies; the fighting army at the front and the production army at home.

"Eighty-four men—one to every four employees—have entered the armed services from our plant. One has been killed in action, one missing in action, one is a prisoner of war. Several have been wounded and some discharged because of wounds. Some have received medals for bravery. They are doing their job well.

"The rest of us have taken our position in the ranks of the production army. And we are receiving the Army-Navy award for excellence in recognition of the job which we are doing as production soldiers.

"Without the stimulus of sensational production activities, prompted only by a real American desire to back our fighting men in every way, the men and women at this plant turned out more product during the fiscal year ending June 30, 1944, than had ever been made in this plant in any previous year. And on June 30, the day before we received our notice of the award, we completed a new production record for material produced in any single month since this plant has been operating.

"The splendid production effort on the part of our men and women, which has merited this award, is not due to the outstanding efforts of a few individuals—it has been made possible through the cooperative efforts of all of us. Maintenance, operation, transportation, police and office have all played their part.

"We do not consider this award an end to which we have worked. The stimulus for a concentrated production effort by the men and women of this plant was provided by a deeply seated patriotic feeling with the employee himself. However, we do deeply appreciate the fact that our efforts have been recognized.

"We accept this award with humble pride. Our work and efforts will continue until this war is won, and our men return home. We will not let them down."

ARMY SIGNAL CORPS CITATION

This citation, which has the same significance in the communications field that an Army-Navy "E" award has in manufacturing and production circles, was presented on July 17th, to the Southern Bell Telephone and Telegraph Company. The presentation "for loyal and patriotic services above and beyond the call of duty" was made by the Signal Corps at Atlanta, where the company's general offices are located, but the award encompasses the achievements of all Southern Bell people in nine states, including North Carolina's exchanges and personnel.

The Signal Corps, in announcing the award, praised all telephone people for the effective manner in which the essential service of telephone communications had been rendered. The particular job for which the telephone company was cited was that of helping provide communications throughout the United States—communications which helped make it possible to supply all the instrumentalities of war needed throughout the world.

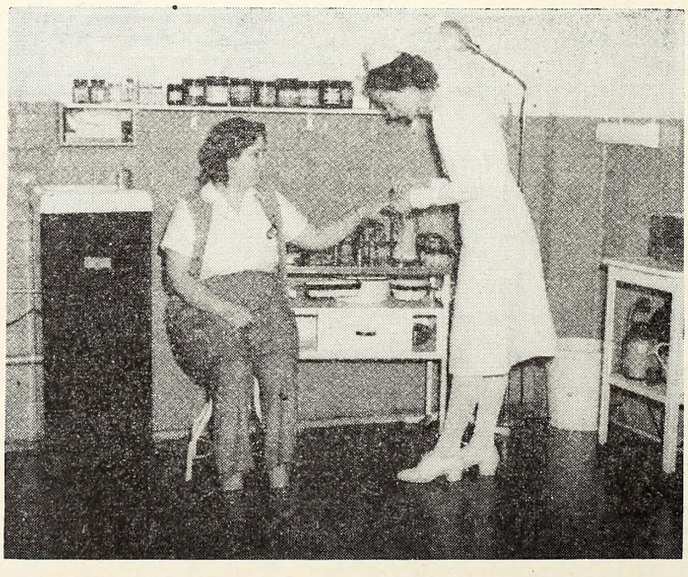
The intense phases of the job started back in 1940 when the Army chose the South for such a large proportion of its war training activity. Southern Bell, which furnishes telephone service in Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee, including 400 military establishments, supplied service that helped build camps and train, clothe, feed, equip and transport fighting men.

SECURITY AWARDS

Seven North Carolina firms have received the National Security Award presented by the United States Office of Civilian Defense. These include:

Southern Bell Telephone Company, with many exchanges in the state;
National Munitions Corporation, of Carrboro;
Carolina Power and Light Company, of Raleigh;
Tidewater Power Company, of Wilmington;
Tomlinson Furniture Company, of High Point;
Carolina Container Company, of High Point;
Ecusta Paper Corporation, of Pisgah Forest.

The OCD security award which these firms have won is given for maintaining a superior standard of plant protection and security of service during war time.



First Aid at the Wright Automatic Machinery Co., Durham, N. C. Such facilities are typical of plants which win Army-Navy production awards.

Unemployment Compensation—Program of the States

FROM THE STATEMENT OF PAUL A. RAUSHENBUSH, DIRECTOR FOR WISCONSIN, BEFORE THE U. S. SENATE COMMITTEE ON POST-WAR ECONOMIC POLICY AND PLANNING.*

ADEQUACY OF STATE FUNDS

The present total of all state unemployment compensation funds runs about 5.4 billion dollars. That means that each state has a very large reserve; and it is a genuine reserve in the sense that these funds are invested in the securities of the Federal Government.

That reserve in every state is far larger than any reserve the state has ever before accumulated, for any purpose whatsoever. It will, in many cases, exceed by two or three times the annual budget of the state for other purposes. Furthermore, such a reserve was not available in the depression of 1929 to 1933, but there is now a very substantial reserve built up, which was wholly lacking then.

The most recent state-by-state figures that are available are contained in the table. This is based on state estimates, supplied shortly before the end of May, 1944, and throws some light on the ability of the several state unemployment compensation funds to pay the benefits promised by the respective state laws. With data for only Hawaii missing, the reserves about the middle of May ran substantially over $5,000,000,000, approaching 5½ billion. A few states gave their figures as of April 30, before they had their full collections deposited for the payrolls of January to March; but most of the states have given figures for the middle of May, which would reflect their collections for the first quarter's payroll, those collections being due generally on April 30.

The table also gives a rough estimate as to the probable average weekly check which might be paid late in 1944, if there were many war production workers unemployed. Of course, these workers could generally draw the largest benefits. It further shows the product of average check and maximum duration, and the number of workers who could be paid that amount from the currently available funds. That runs to over 18,000,000 workers, as a possible figure for the country as a whole.

That number, taken state by state and shown as a percentage of the total number of covered workers, gives an indication at least as to the strength of each state fund. It is noticeable that all states have very substantial reserves, and that they would in many cases be able to pay a very high proportion of their workers the benefit amounts indicated under their present laws. That is apart from the additional money that is coming in. It would be safe to say for all state laws with three-quarters of a year additional payroll, the corresponding collections may add nearly a billion dollars to their funds by the close of January 1945.

The states, as the program now stands, do have a clear-cut responsibility for assuring the solvency of their own funds. They have the possibility of collecting either higher or lower contribution rates; and they have to recognize that it is up to them to do the advance planning and to build up sufficient reserves.

No state agency now predicts that its fund will go broke under the impact of post-war readjustment

*See *Hearings*, pp. 851-874.

DATA AND ESTIMATES SUPPLIED BY STATE UNEMPLOYMENT COMPENSATION AGENCIES (THROUGH MAY 25, 1944)

State	A Estimated number of of covered workers currently employed, December 1943	B States' unemployment compensation fund balance as of May 14, 1944	C Law's maximum weekly benefit amount	D Estimated average weekly check (late 1944)	E Law's maximum duration	F Product of average check and maximum duration (D×E)	G Number of workers who could be paid that amount from that fund (divide B by F)	H Percent of covered workers who could be paid those average benefits, for that maximum duration, from that fund (divide G by A)
	Thousands	Thousands			Weeks		Thousands	
Total, 50 States	30,435.8	$5,285,039					18,502.2	60.7
Alabama	432.0	[1] 51,596	$15	$14	20	$280	184.2	42.7
Alaska	[2] 35.0	6,950	16	15½	16	248	28.0	[2] 80.1
Arizona	95.0	14,440	15	14½	14	203	71.1	74.9
Arkansas	187.3	22,103	15	13	16	208	106.2	56.7
California	2,259.0	531,706	20	18½	24	444	1,197.5	53.0
Colorado	200.0	27,610	15	14	16	224	123.2	61.6
Connecticut	650.0	138,328	22	19	18	342	404.4	62.2
Delaware	100.0	13,099	18	16	20	320	40.9	40.9
Dist. of Columbia	190.0	40,326	20	17	20	340	118.6	62.4
Florida	380.0	39,592	15	13	16	208	190.3	50.1
Georgia	500.0	60,353	18	15	16	240	251.4	50.3
Hawaii [3]								
Idaho	75.0	10,883	18	15	17	255	42.6	56.9
Illinois	2,185.0	[1] 404,423	20	17	20	340	1,189.4	54.4
Indiana	874.6	142,865	18	16½	18	297	481.0	55.0
Iowa	288.0	45,725	15	11	15	165	277.1	96.2
Kansas	270.0	39,865	15	14	16	224	177.9	65.9
Kentucky	309.4	70,256	16	12	20	240	292.7	94.6
Louisiana	405.0	55,306	18	16	20	320	172.8	42.7
Maine	182.0	27,200	18	13	16	208	130.7	71.9
Maryland	560.0	97,000	20	18	23	414	234.3	41.8
Massachusetts	1,400.0	183,338	18	17	20	340	539.2	38.5
Michigan	1,571.8	233,185	20	19	20	380	613.6	39.0
Minnesota	453.0	62,900	20	15	16	240	262.0	57.9
Mississippi	200.0	17,624	15	11½	14	161	109.4	54.7
Missouri	747.3	124,529	18	16½	16	264	471.7	63.1
Montana	80.0	13,358	15	13	16	208	64.2	80.3
Nebraska	142.5	20,302	15	13½	16	216	93.9	65.9
Nevada	38.0	7,722	15	14½	18	261	29.5	77.9
New Hampshire	110.0	17,608	18	14	18	252	69.8	63.5
New Jersey	1,300.0	[1] 328,076	18	15	18	270	1,215.0	93.5
New Mexico	56.0	7,470	15	12	16	192	38.9	69.5
New York	3,906.1	723,762	18	16	20	320	2,261.7	57.9
North Carolina	581.0	80,100	15	10	16	160	500.6	86.2
North Dakota	31.0	4,062	15	12	16	192	21.1	68.2
Ohio	2,050.0	[1] 364,152	16	15	18	270	1,348.7	65.8
Oklahoma	275.0	38,134	16	14	16	224	170.2	61.9
Oregon	316.3	52,270	15	14½	16	232	225.3	71.2
Pennsylvania	2,625.0	517,418	18	16	16	256	2,021.1	77.0
Rhode Island	239.5	55,513	18	16½	20	330	168.2	70.2
South Carolina	276.0	30,300	15	12	16	192	157.8	57.1
South Dakota	38.1	5,520	15	12	16	192	28.7	75.4
Tennessee	480.0	58,259	15	12	16	192	303.4	63.2
Texas	1,063.9	123,696	15	12½	16	200	618.4	58.1
Utah	115.0	19,244	20	18½	20	370	52.0	45.2
Vermont	60.0	9,738	15	13	18	234	41.6	69.4
Virginia	450.0	52,302	15	11	16	176	297.1	66.0
Washington	569.0	[1] 104,452	15	14½	16	232	450.2	79.1
West Virginia	375.0	54,037	18	15½	16	248	217.8	58.1
Wisconsin	650.0	130,112	20	17½	20	350	371.7	57.2
Wyoming	[2] 58.5	6,230	20	17	16	272	22.9	[2] 39.2

[1] As of April 30, 1944.

[2] Apparently based on cumulative, rather than December 1943, figures. ("Spot" figures for Wyoming: Column A, 39.4; Column H, 58.1.)

[3] Data not available by May 25, 1944.

unemployment, with the benefits provided in its present law; and it is clear that a number of the states have leeway enough to liberalize their laws and will doubtless do so.

On a spot basis, as of late December 1943, the most recent estimates available show that the laws cover something over 30,000,000 workers. Now that does not include quite all of the people who might have some rights under the laws. Some workers were employed early in 1943, but were not on payrolls at the close of December. In that case they would not be included in the 30,000,000. It has been variously stated that about 10,000,000 workers are engaged in the so-called war-production industries. Of course some of them may not suffer unemployment, because they will be busy helping reconvert; and others will be unemployed short periods.

Testimony has been given indicating that much of the unemployment will be of a relatively short duration, depending in part upon how much readjustment takes place before the war ends. That is apt to be particularly true if you have at least a substantial portion of the total readjustment occurring gradually, before the close of the Pacific war.

It is realized that there is going to be a very considerable impact of unemployment, involving several millions of workers, as soon as the European war is approaching a close and it seems safe to consider canceling war-production contracts because of military progress in Europe. In that interim there will presumably be a fairly rapid readjustment to civilian production, with all the pent-up consumer demand.

The real problem is apt to come after the close of the war in the Pacific, rather than earlier. The state agencies, with the funds they have built up, are going to take benefit drains in their stride, even though they will have a large volume of unemployed workers for a period of perhaps some three or four or five months, in this period before the close of the Pacific war.

It has been suggested at various times that the states could not very well provide enough funds against the expansion in war production that has developed during the last couple of years, to cover future benefit payments. Some ten states have actually enacted specific provisions which do, by state action alone, take care of that very problem. Those provisions are generally known as "war risk" contributions or contribution rates. The essential idea is that the sudden expansion in employment of some employers, engaged in war production, means very large future benefit liabilities, which may not be fully and adequately covered by current contributions, however substantial those are, at the normal contribution rates. Therefore, some of the states have said, "We must recognize this special hazard, and make at least an approach to collecting enough money during the wartime period from these expanded employers to cover somewhere near the benefit liability to their workers which we'll have to meet when those workers are laid off."

If any state seems to have a solvency problem it is still within the province of that state to take similar action, which catches some of this problem of wartime expansion, and recognizes as a cost of war production the lay-offs and unemployment benefits which will result when war production is curtailed.

ADEQUACY OF STATE BENEFITS

Benefit provisions have been very substantially liberalized by the states during recent years. There has been a lot of progress made.

As to the adequacy of state unemployment benefit provisions, it should be noted that most war-production workers when they are laid off, will be able to draw the maximum weekly benefit amounts of the various state laws, and to draw them for the maximum duration. In that sense, reference to past averages and past duration experience tends to be rather misleading, if you are thinking in terms of these war-production lay-offs.

For instance, it has been shown that the 1943 average weekly unemployment benefit check amounted to about $13.84. Compared to that, the actual average payment at the present time is over $15; and it will probably run over $16 when you get some of these highly paid and steadily employed war-production workers drawing benefits. In 1945 it may even run as high as $17 under the present state laws; because the basis for figuring the weekly benefit will be the higher earnings of 1944, as compared to those of 1943, now being used.

Turn next to the general question of weekly benefit amounts, and their adequacy.

For many of the lower-paid workers, the actual percentage paid under many state laws exceeds 50 percent of wages. Some of the states have weighted tables favoring the lower brackets; so benefits may actually run as high as 60 percent, or even two-thirds of wages in some of the lower brackets. In general, schedules are based on 50 percent. However, at the present time 50 percent is based on the higher earnings resulting from overtime. Consequently, comparing benefits with standard work-week earnings, the benefit rates now resulting would run higher than 50 percent. The only ceiling set is, of course, the maximum under the various state laws. In the case of those now drawing $60 wages a week, even $20 in benefits would not represent 50 percent.

The states started out with a $15 maximum, and many of them have raised that figure very substantially. There are a number running as high as $20; but there are still quite a group that have a maximum of $15. In view of the rise in the cost of living, that should be raised; and probably will be in the next state legislative sessions. Certainly the trend of the maximum is definitely upward. Unless you know the average wage level in these various states, you could not say how adequate the maximum in each state is, compared to its average wage level. As it stands, it is a matter for determination by the legislature of each state, based upon what they know of their own conditions.

If it is desired to calculate unemployment compensation benefits as a percentage of "wage loss," you

should look at how much of the wage loss you are compensating while you are paying benefits for some reasonable period, rather than a whole year. Take a simple illustration. If you consider 25 weeks, then each week represents four percent of the total period of 25 weeks. Now suppose a law with a 16 weeks' duration, 16 weeks would represent 16 times four percent, or 64 percent of the total period. Now, during that 64-percent period, suppose you are paying benefits at the rate of 50 percent of wages. Then benefits will be compensating, not at 64 percent, but at 32 percent of the wages lost within the 25 weeks. Now, if benefit duration is stepped up to 20 weeks, compensated at 50 percent, around 40 percent of the wages lost within the period will be covered.

The question has been raised as to allowances for dependents. Only one of the state laws makes any allowance for dependents, and there is still a top ceiling on the total amount that can be drawn. It is doubtful whether dependency allowances belong in this particular program, which must be rather definitely related to the past wage levels of the individual worker. As long as the whole basis for the payment of wages in private employment has no relation to dependents, tying up dependents' allowances with one specific program like unemployment compensation should be seriously questioned. Difficulty could be encountered if such allowances were mixed up with benefits that varied with wage levels, where there might be an inducement for the unemployed person with a big enough family to continue to draw benefits because these pyramided pretty closely to what he could earn on the job. Of course, most unemployed men are not satisfied with benefits; they would much rather have a job, and a steady job if possible, at decent wages and conditions; but there is always a fringe that has to be watched for, in administering a law of this type.

Now on duration, there is room for quite a little improvement. But, there are a couple of points about duration where the question of long-range social policy has to be considered. For instance, there is the question of variable durations as against flat or uniform duration. Some of the laws now pay some benefit to a worker who has been employed a couple of months a year. They will pay him some benefit, but they do not pay him the maximum. A few other laws disqualify those who have had minor earnings, and make everybody who does get over the sharp hurdle eligible for their full uniform duration. This is an issue of social policy, on which the states now split. Some of them, a quarter or so of them, have a flat or uniform duration; while most others prefer to differentiate between the amount of work and earnings that the different workers have had, so that the person who was in the labor market the year around gets a higher duration than the person who only does work a couple of months a year.

At some point, after duration is extended under this program for a reasonably adequate period, however that may be defined, comes this question. That is, for how long should this type of benefit payment which is paid as a matter of right, with no needs or means test whatsoever, continue to be paid?

With benefits paid as a matter of right, based on past employment, should this program cover prolonged unemployment? Where the line ought to be drawn is hard to say. Some say 20 weeks, some say 26 weeks; but very few people say more than 26 weeks for this type of program. If you have unemployment running longer than that, then the query is: is there not some other more appropriate remedy to deal with prolonged unemployment? Should that remedy be public works, or work relief, or assistance based on need or on a means test? There is a good deal of room for argument as to what the sound approach is; but at least the general thinking of people who have studied and considered unemployment compensation is that there should not be an indefinitely extended duration for this type of program.

The theory that some better support of the purchasing power during this extraordinary period that may be upon us is necessary, is certainly one of the arguments which was used for unemployment compensation from the beginning—that to some extent it would set a floor by limited payments to sustain purchasing power. That is a valid point. But when it comes to extending that, in line with the present thinking of the Keynesian economists, the logic of their argument might lead them to a 100 percent payment of full wages, and anything less than that might not be fully acceptable to them, and payments would have to go on indefinitely.

A practical balance has to be struck somewhere. It is perhaps more a legislative matter than purely an economic matter. The proposition is not acceptable that full purchasing power should be pumped out to people indefinitely, without getting any work in return for it. Unemployment compensation can be paid legitimately and justifiably for a period of months, as is done; but somewhere the line has to be drawn, with the statement: "After this point there has to be some return, through useful work, or some demonstration of need."

With regard to disqualification provisions in the state laws, and certain criticism of them, it must be pointed out that in this connection you are dealing with wartime conditions. State agencies in administering and state legislatures in legislating, are concerned that benefits be paid only to those who are legitimately entitled to them under present conditions, and are inclined to be a little tougher under present wartime and labor-shortage conditions. Much of the criticism is based on isolated cases which are not representative. The only figures available relate to complete disallowances on first determination. The latest publication is for the calendar year 1942.

For 1942, for all state laws combined, taking all new cases or claims disposed of on first determination as 100 percent, less than 16 percent were disallowed for all reasons. Furthermore, 14.5 percent were disallowed because of no wage record or insufficient wage credit; leaving only 1.4 percent dis-

allowed for other reasons, and it is the 1.4 percent that all the talking is about. There is some valid criticism of some of the disqualification provisions; but it is necessary to realize the order of magnitude involved.

There is one other point on this matter of benefit adequacy. The states, by an interstate cooperative arrangement, are taking care of the problem of a worker moving from one state to another to take a war job. The question is, what is going to happen to him if he goes back to his home state? Can he draw the benefits he earned in the other state, based on the rights that he built up there? The answer is: Yes, he can. That is fully provided for; and has been true for a half a dozen years, under the cooperative arrangements that all the states have subscribed to and have been operating under.

In other words, a person who has built up substantial benefit rights in one state, and then moves to some other state when laid off, to find another job if he can, or to go back home, that person can claim in the state where he is, and draw his benefits from the state in which he built up the credit. That plan has been operating on a practical basis for a half-dozen years. A lot of people all over the country have drawn their benefits under this arrangement.

In conclusion, on this matter of benefit adequacy, before turning to coverage, the state laws do already, right now, as they stand, afford a very substantial measure of protection, far beyond anything available in the depression of the early thirties; and they have been substantially strengthened by state action, without any measure whatsoever of federal compulsion. They will be further improved, by state action, without any federal coercion or federal subsidy.

COVERAGE PROBLEMS

Coming now to the third general topic, coverage problems and their possible solution; there may be noted, first, a real coverage problem which relates to United States Government workers. There are many "war duration" jobs among clerks, and so forth. In the arsenals and navy yards are people who are doing substantially similar work to many of the war-production workers in private factories with war contracts. They may be working in the same town and may live next door to each other.

Workers in a government arsenal or navy yard have no unemployment protection at this time; whereas their neighbors, who are working in private plants with war contracts, are fully protected by the law of the state in which they work.

Then there are other types of United States Government workers that might be considered. There is a lot of war-duration employment, scattered around in military camps, cantonments, and so forth; aside from the clerical workers in Washington, in regional offices and the like.

The only appropriate coverage, as most state administrators in this field would see it, is coverage by state laws, so these government workers would be treated exactly the same as their neighbors who are working in a private plant covered by state law. That could be done in a variety of ways. For instance, these governmental employers could elect state coverage, by direction of Congress. That could be done on the basis of federal reimbursement of the actual benefits paid out to the people if they are laid off. That is, they should be paid the benefits of the state law, under the state eligibility conditions; so exactly the same eligibility provisions would apply to them as to anybody else who is covered under that state law. Instead of directing a coverage election by the employers, legislation could be passed to the same effect, to apply the state rates and eligibility conditions, to be administered by the state on just the same basis as applies to other workers now covered under the state laws, but with federal reimbursement of the actual benefit payments.

Of course the states have had no jurisdiction to cover these workers in government arsenals and navy yards; and these employers could not very well elect to come under the state laws without a direction from Congress that they shall so elect.

There is also, as a second phase of the coverage problem, the problem of covering maritime workers, merchant seamen, including those on Maritime Commission ships, and the like. There again, rather than set up a separate federal system, as there has been some talk of doing, every reason indicates that they should be covered by state law. It has only recently been settled, by a U. S. Supreme Court decision within the last year, that the states could act in the absence of federal action preempting the field. New York and California, at the present time, are in a position to cover a good many of these people. If they are not all covered under state laws, there will be split payrolls and all kinds of difficulty. The way it would have to be done would be by amendment to the Unemployment Tax Act, so as to wipe out the present exclusion of these workers. In that event, the maritime employers would elect coverage under the various state laws; and would thereby get credit against the federal unemployment tax, just as other private employers are doing for operations inside the state itself.

A third coverage problem relates to small employers; and to various other groups, such as domestic and agricultural workers. If Congress desires to extend coverage to that type of worker, the thing to do is not to consider this as an emergency proposal. The lay-off problem is a small one, as compared with the workers in government arsenals and navy yards. Instead, consider a long-run change, by amending the Unemployment Tax Act, which would mean a corresponding amendment of state laws to take in that coverage.

There is no great emergency problem in connection with reconversion, lay-offs, and the like, when you get down to employers of fewer than eight. In any event, the attempt to handle such coverage of employers with a small number of employees would not be practical on an emergency basis, even if it is thought desirable in other respects. Of course, about a dozen states do now reach down to cover employers of one or more; and a number of others cover employers of four, six, and the like.

There is a 100 percent case to be made for coverage of the workers in arsenals and navy yards. As indi-

cated, it should be the same coverage as the workers in the same town have now, namely, under the state unemployment compensation law. But no contributions have been collected on those people. Rather than estimate how many years' contributions would be necessary, the simplest device would be for Congress to require employer coverage elections under the state laws, or provide a system geared fully with the state laws, with federal reimbursement of the actual benefit costs.

With regard to the small employer, if coverage should be extended, as a matter of policy, down to employers of eight, then an extension of the Federal Unemployment Tax Act to those smaller employers would be entirely in order; and at the point where that is done, of course, every state would include them too. Old-age and survivors' insurance taxes already apply to employers of one person, but the Unemployment Tax Act only covers employers of eight persons. Some of the state laws have included the smaller employers. To make sure that such coverage obtains more universally, the simple device of extending the Unemployment Tax Act to employers of one could be used.

EFFECT OF FEDERAL-ACTION PROPOSALS

What would be the effect of various other proposals for federal action?

Those proposals, generally speaking, relate to the possibility of supplementing the state unemployment compensation laws in some way, perhaps to provide for larger benefit amounts, longer duration, and the like, for civilian workers, mostly in war production. The returning veteran is going to be taken care of under the G. I. bill; so that eliminates perhaps the biggest single section of the problem.

As to civilian workers, and especially those in war production, except as already indicated they are now covered by the state laws, and have rights under the state laws, and will be paid from funds built up by the several states, based on their wartime payrolls. Moreover, the states can improve their laws further, in response to the demands of their own citizens; and certainly they have the responsibility for assuring both the adequacy of their benefit provisions and the adequacy of their fund provisions, for the welfare of their own citizens.

In connection with the various pending federal proposals, whether in print or just being talked about in various ways, it is noted that officials of the Social Security Board are primarily in favor of complete and permanent federalization of the program. Their representative spent much of his time telling why long-run changes should be made, and did not seem so much interested in any temporary or emergency program. That seems to be a fairly representative long-run attitude, at least of many who are now urging that there be temporary federal subsidies, and federal standards, and perhaps a federal reinsurance or guaranty fund.

At any rate, the practical effect of most of the proposals would seem to be at least partial federalization of the state unemployment compensation laws, and of their administration. That would be the inherent result, in the very nature of the proposals. It is proposed to say, "Now additional money is to be paid from federal funds; and we want to make sure we will get some results for the federal money; so we will impose minimum benefit requirements on the state laws; and maybe, to make sure the federal money is not wasted, we will also put maximum benefit requirements on the state laws. We have to regulate the disqualifying conditions, too, in order to make sure we get the desired results." That kind of thinking runs on and on, into all the substantive features. We have seen that in past proposals, put forward in the last four or five years, to get more federal controls and regulation.

Such federal controls, though suggested by some with very good intentions on a temporary basis, are not apt to prove temporary. They would, by their very operation for several years, be permanent steps toward more complete and more permanent federalization of this program. That long-range issue would unavoidably be raised at the point where supplementary federal payments or standards are proposed, or a reinsurance or guaranty fund.

Some state administrators have started to consider the possibility, although they see no immediate need, that there might eventually be worked out some device for a "loan" fund, to back up the state funds. It might be possible to work out a loan fund without a lot of federal restrictions and strings attached to it.

The experience of the states, down through the years, is this: Where you have federal aid funds, federal controls accompany them.

The states are now in this position, as to this program: They have very substantial unemployment funds built up; they have improved their own laws, they want to continue to be free to improve them, to meet the problems of their own citizens; and they seriously question whether there is any current emergency of any sort which requires action by Congress at this time in this field.

After all, if an emergency were going to develop, it is hardly going to happen before the close of the Pacific war, at the earliest. By that time there will be additional collections in the funds; and some forty-odd state legislatures will have been meeting in 1945. So there is a very serious question whether the civilian workers now covered by state laws need any federal supplementary or subsidy action of any kind at this time. Any federal enactment attempted now would certainly raise major issues.

So, to put it briefly, "We believe in state responsibility in this field. We take that responsibility seriously. We intend to meet that responsibility. We ask permission to meet it."

Mr. Raushenbush, from whose statement the above articles has been derived, was formerly President, and is now a member of the Executive Committee of the Interstate Conference of Employment Security Agencies. For an account of the development and work of the Conference, see the U. C. C. QUARTERLY, Vol. 2, No. 1, pp. 22-25.

GEORGE COMMITTEE REPORT

With regard to changes in the unemployment compensation system, Senator Walter F. George, Chairman of the Special Committee on Post-War Economic Policy and Planning submitted his report to the United States Senate on June 23rd.

The report recommended, in brief, that the unemployment compensation law be amended as follows:

(1) To provide for payments to federal workers through the state unemployment agencies and under the state laws;

(2) To guarantee the solvency of state unemployment compensation funds, through the setting up of a revolving loan fund, to make loans to the states at any time the compensation reserves of a state prove to be inadequate;

(3) That the Unemployment Tax Act be amended, through legislation initiated in the House of Representatives, to provide for the imposition of unemployment taxes on employers of maritime workers and employers of one or more employees.

If developments prove that the unemployment compensation system as now constituted is inadequate to take care of any situation that may arise in the future, steps can then be taken to supplement it, but the integrity of that system should be preserved unless any proposed change is demonstrated to be imperative.

Resolutions Adopted By The Governors' Conference

THIRTY-SIXTH ANNUAL MEETING, HERSHEY, PA., MAY 31, 1944

UNEMPLOYMENT COMPENSATION

WHEREAS during the past eight years all of the States, with increasing efficiency, have been administering their unemployment compensation laws in a manner satisfactory alike to those entitled to benefits and to their citizens generally; and

WHEREAS during this period the States have built up and accumulated large reserves totalling in the aggregate five and a half billion dollars; and

WHEREAS the efficiency of state administration of unemployment compensation and the funds thus accumulated constitute our largest and most important safeguard against postwar depression and unemployment:

THEREFORE BE IT RESOLVED:

(1) That the Governors' Conference restates and reemphasizes its opposition to any and all efforts, including those now pending, on the part of federal institutions and agencies to centralize and federalize the administration of unemployment compensation; and

(2) That the Executive Committee of the Governors' Conference be directed to take whatever steps it might deem necessary to see that the present method of state administration of unemployment compensation systems shall be maintained in full force and effect, and not either transferred to federal control directly, or indirectly hampered by federal subsidy provided in the name of some possible future emergency:

BE IT FURTHER RESOLVED that in order to be able to meet all postwar problems through the use of state unemployment compensation systems as now constituted, the States should consider action along the following lines:

(1) Each State should make careful estimates of its probable postwar unemployment benefit payments, and of the solvency prospects of its unemployment fund;

(2) Any State whose fund is in danger of postwar insolvency should take prompt steps to build more adequate reserves, through legislation requiring higher wartime contribution rates;

(3) Each State should review the coverage and benefit provisions of its law, to determine their adequacy and with a view to making such improvements as are found desirable and practicable;

(4) Each State should re-examine its statutory provisions and its administrative procedures with a view to assuring maximum speed and efficiency in paying benefits under the peak-load conditions of the postwar period;

(5) Each State should participate fully in plans to solve interstate problems in the field of unemployment compensation through interstate cooperation, and should provide any legislative authorization needed for such cooperation; and

(6) Each State should carefully consider the proper relation between its law and any federal program for veterans' demobilization allowances, and should provide such legislative authorization as may be indicated to permit full and proper state cooperation in relation to veterans' payments.

EMPLOYMENT OFFICES

WHEREAS in the grave crisis confronting these United States immediately following Pearl Harbor, the President asked the Governors of the several states to transfer their respective employment services to federal control in order to "utilize to the fullest possible extent all of the manpower and womanpower to increase the production of war materials;" and

WHEREAS in accordance with the President's request, the Governors; in a willing spirit of complete cooperation with the war effort, acted at once to effect such transfer of state property, records and

personnel as was called for, although this involved a considerable sacrifice to state interests and to the efficient administration of other state programs, especially the employment security programs; and

WHEREAS it was the stated assumption of the Governors that this transfer was made as a temporary loan to be terminated with the passing of the emergency which prompted the President's request; and

WHEREAS the Congress of the United States has, in appropriations for the United States Employment Service, recognized that the employment service facilities of the States would be returned to them after the war emergency; and

WHEREAS it is generally agreed that as the present war approaches final conclusion there will be a general reduction of war production and likewise a gradual resumption of civilian production; and

WHEREAS following the period of maximum war production, the tremendous task of readjusting to civilian economy will make necessary state control of their employment services, unless they are to be seriously handicapped in:

(1) Handling unemployment compensation claim loads, possibly of large proportions, which cannot feasibly and legally be done except through State control of the servicing of job orders and job placements;

(2) Developmental planning to alleviate the impact of transitional unemployment, in which the States are now engaged; and

WHEREAS except possibly in a war emergency, when stringent federal controls over the labor market might be urged as necessary, state administration of the job placement function is more desirable since:

(1) Local employers and workers will more completely give their voluntary cooperation, which is essential in any really effective job placement program;

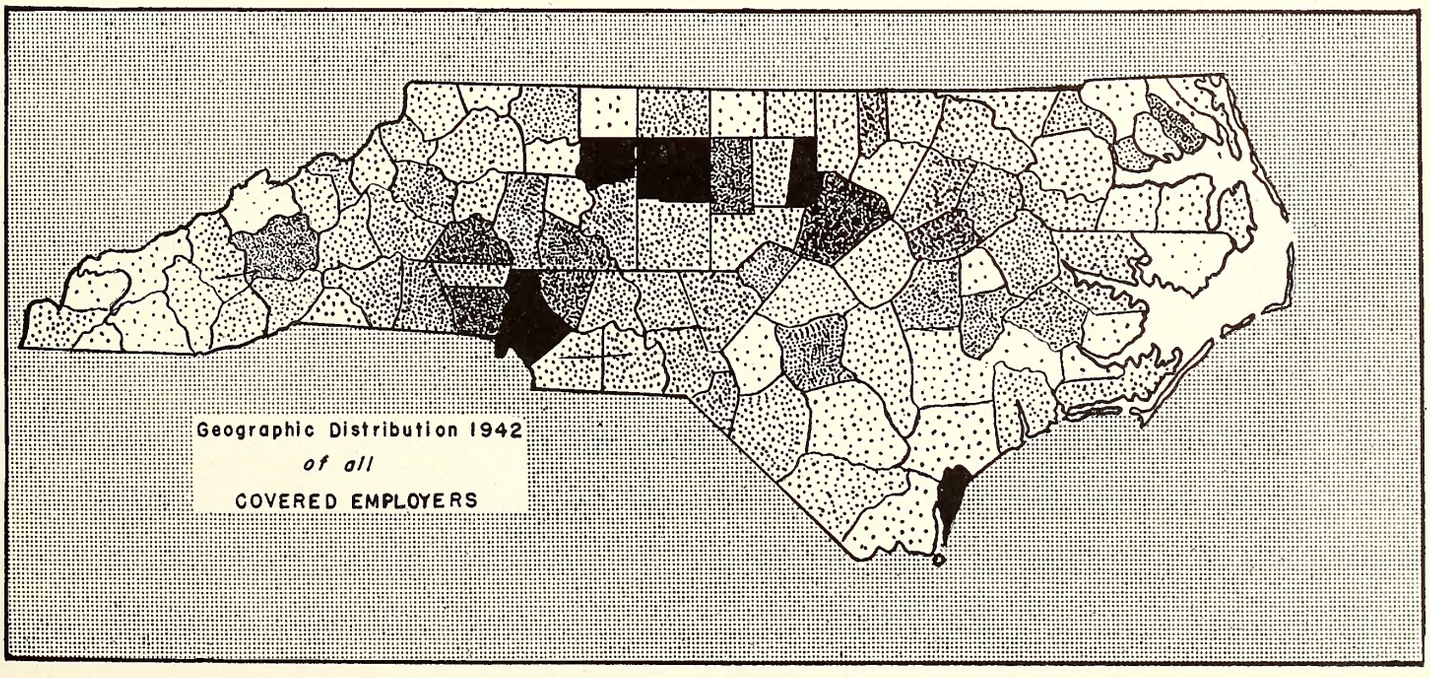
(2) It permits a better adaptation of policy and procedures to the widely varying industrial and labor conditions of the country, while making adequate provision for interstate job clearances;

THEREFORE BE IT RESOLVED that as soon as practicable, the employment services shall be immediately returned to their respective States;

BE IT FURTHER RESOLVED that the executive committee be and is directed to keep in close touch with this situation, and if between now and the next annual meeting it is the opinion of the Executive Committee that the time has arrived when it would be practicable for the employment services to be returned to the states, that the Executive Committee is hereby authorized and directed to so notify the President of the United States.

BE IT FURTHER RESOLVED that the Governors direct their employment security administrators to make such plans as are necessary for resuming control of employment service functions in their respective States at the time designated in this resolution.

LOCATION OF NORTH CAROLINA EMPLOYERS—SHOWN BY COUNTY



Each dot represents an employer of eight or more workers protected by this State's Unemployment Compensation Trust Fund.

Combining Wage Credits

By G. D. Pearson, Supervisor of Review, U. C. C.

At the beginning of the unemployment compensation program throughout the country, one of the major problems was that of providing equitable benefit treatment for interstate workers. The first step toward the solution of this problem was taken by the Interstate Conference of Employment Security Agencies which developed the Interstate Benefit Payment Plan to which all the fifty-one agencies administering the unemployment compensation program subscribed. This plan provides that unemployment benefits may be paid to such workers by the various states in the same successive order that the insured work occurred during a benefit period regardless of the state in which the individual is residing.

This plan involves no inequity in the payment of benefits to an individual whose work was performed in a single state and who draws benefits while residing in another state. Inequities in the payment of benefits to an individual who worked in two or more states during a benefit period were found to result.

An individual may be eligible under two or more state laws, but may lose a part of his benefits due to the lapse of the duration of part or all of his benefits in the benefit period in one or more of the states while drawing benefits from another state under the Interstate Benefit Payment Plan.

An individual's employment in two or more states may have been of such short duration that he may not be eligible for benefits in either of the states under the Interstate Benefit Payment Plan.

An individual may be eligible under two or more state laws, but under the Interstate Benefit Payment Plan may lose a part of his benefits due to having worked in two or more states in the same quarter or quarters, thus receiving a lower weekly benefit amount if such a weekly benefit amount is based on his highest earnings during any such quarter or quarters in such state or states.

An individual may be eligible under two or more state laws and, thereby, may receive benefits for a longer duration in a benefit period than he otherwise would under a single state law. The individual in this case may receive, under the Interstate Benefit Payment Plan, a higher total maximum benefit amount from such states during a benefit period than he would under a single state law. The effect of these inequities will be highly magnified during post-war unemployment because of higher war-time wages and the migratory nature of labor brought about by the demand that labor change from non-essential to essential employment and to areas where war production demanded an inflow of workers.

These inequities are being used as grounds by advocates for federalization of state employment security agencies. One can readily see that a uniform unemployment compensation law for each state is impracticable because of the differential in the wage scale for the same type of employment and in the cost of living in different areas, and various other factors affecting a worker's employment.

The Interstate Conference of Employment Security Agencies made an extensive study of the Interstate Benefit Payment Plan and of all the state laws with a view toward eliminating the inequities between the payment of benefits to individuals whose work was performed in a single state and the workers who worked in two or more states during a benefit period. As a result of this study, the Combined-Credit Plan was developed which reduces to a minimum these inequities. It appears to be the nearest approach to an equitable plan for payment of benefits, to both interstate and intrastate workers, that can be made.

Combining wage credits of individuals whose covered employment occurred in two or more states, under a single state law, is comparatively simple. A request is made by the employment security agency of the state in which the individual resides and in which he files a claim for benefits, known as the "agent state," for a transfer of the accumulated wage credits available in other states under its law. The states which transfer wage credits determine the potential maximum benefit amount which the individual would be entitled to receive under the law of the "transferring state." The "agent state" determines the state in which the individual has the highest potential maximum benefit amount. Then that state becomes the "paying state," and the "agent state" transfers to it the claim and the records of all wage credits previously transferred to the "agent state." (If the individual's employment was of such short duration that he is ineligible for benefits in each "transferring state," the wage credits applicable to the benefit period are combined by the "agent state" and if such combined wage credits are sufficient to make the individual eligible for benefits under the law of the "agent state," the "agent state" also becomes the "paying state.") The "paying state" then combines all wage credits transferred with those wage credits earned by the individual in that state which are applicable to the benefit period under its law, and pays the individual benefits.

By this plan, the inequities in the payment of benefits to individuals whose work was performed in two or more states are minimized. The individual, who has wage credits in two or more states applicable to the benefit period, will not lose a part or all of his benefits in one or more states due to the lapse of the duration of part or all of his benefits in one or more states while drawing benefits from a single state under the Interstate Benefit Payment Plan.

The individual, whose employment in two or more states was of such short duration that he was in-

eligible for benefits in each of the states, may become eligible for benefits when such wage credits are combined under the law of the "agent state."

The individual, who has sufficient wage credits applicable to the benefit period in two or more states when such wage credits were earned by the individual while working in two or more states in the same quarter or quarters, will not receive a lower weekly benefit amount when such wage credits are combined under a single state law.

The individual, who has sufficient wage credits applicable to the benefit period in two or more states, will neither receive benefits for a longer duration, nor will he receive a higher total of maximum benefits when such wage credits are combined under a single state law.

When benefits are paid under the Combined-Credit Plan, the "paying state" is reimbursed quarterly for the pro rata part of benefits paid and charged against the states transferring wage credits.

The Combined-Credit Plan will have little, if any, effect on the employer experience rating in this state. In the case of combining wage credits earned in this state, when such wage credits are insufficient to make the individual eligible for benefits under the Unemployment Compensation Law of North Carolina, but combining such wage credits with those of another state makes the individual eligible for benefits, the effect on the employer's reserve account is negligible. On the other hand, wage credits earned in this state, when combined with wage credits earned in another state, if the total of such combined wage credits is more than is required to entitle the individual to the maximum benefit amount in the "paying state," the amount of benefits paid by the "paying state," which are chargeable to the employer's reserve account in this state, will be reduced proportionately.

Participation in the Combined-Credit Plan is by subscription on the part of those states where unemployment compensation laws permit. The unemployment compensation laws of forty-two states permit subscription to such a plan. Eighteen states, including North Carolina, have already subscribed to and have put into effect the Combined-Credit Plan. It is the goal of the Interstate Conference of Employment Security Agencies that the remaining states will enact legislation where necessary and that one hundred percent subscription to the plan will ultimately be obtained.

Reciprocal Coverage

Another important development in the growth of unemployment insurance is that providing for Reciprocal Coverage arrangements. This plan was worked out by the Interstate Conference of Employment Security Agencies, and is a further step in interstate cooperation for the benefit of workers travelling from state to state and of their employers. It accomplishes some of the employer and employee advantages which it has been claimed could only be done by a national system of unemployment compensation, and at the same time it preserves the superior features of state and local administration.

The Reciprocal Coverage arrangement, in brief, permits an employer's employees who may be under the laws of several states to be brought together and considered to be under the law of a single state for the purposes of unemployment compensation. This has obvious advantages to the employer in the preparation of payroll records and also has advantages to the employees arising out of increased convenience, and, generally speaking, increased benefit coverage.

The following example illustrates the purpose and operation of the arrangement: Company A is a chain store corporation with stores in Maryland, Virginia, North and South Carolina. Certain of A's employees are periodically moved from store to store. Company A is subject to the separate laws of each state in which it operates. The Interstate Reciprocal Coverage arrangement will allow Company A to elect to cover all of its interstate workers in one of these states.

Now assume A elects to cover them in North Carolina. North Carolina, upon receipt of the employer's election, clears with the other states involved. If those states have no objection, Company A's election goes into effect. The result is reduced reporting and simplified accounting for the employer and increased benefit coverage for the workers.

The War Manpower Commission's September classification of labor market areas in North Carolina leaves the areas as they have been for two months, but it is indicated that the Wilmington area has so leveled off in employment status that it may be reduced from a Group I to Group II area soon if the present trend continues.

Wilmington and New Bern remain in Group I, areas of acute labor shortage, while Asheville, Charlotte, Elizabeth City and Winston-Salem-Greensboro, remain in Group II, areas of labor shortages or those approaching a balance in demand-supply. Burlington and Durham-Raleigh remain in Group III, areas in which a slight labor surplus may exist, while Rocky-Mount-Wilson remain in Group IV, areas in which labor surpluses may exist.

In the entire nation, 68 areas were in Group I; 122 in Group II; 84 in Group III; and 29 listed, along with all areas not otherwise listed, in Group IV.

Tobacco—A Source of Tarheel Livelihood

Much has been written about tobacco—as a plant, as an agricultural and financial statistic, as the subject of romantic and economic history, and as an item of personal pleasure or of personal profit. The literature of tobacco is surprisingly large. Its range includes poetry, illustrated historical accounts, and financial reports replete with figures. Yet relatively little of the published material has been concerned with the economic welfare of the workers on tobacco. The big human element of labor, whether on the farm or in the factory, appears to have been more or less taken for granted.

STATUS OF THE INDUSTRY

North Carolina ranks as the foremost tobacco-growing state. Last year the cultivation of 587,600 acres yielded 553,680,000 pounds of tobacco. The State Department of Agriculture estimates the value of this 1943 tobacco crop at $222,300,000—about two-fifths of the amount listed for all tobacco grown throughout the nation.[1] The greatest part of the North Carolina crop is the flue-cured bright leaf tobacco, used primarily in cigarettes. Producers' sales of this tobacco netted $213,625,332 in the state last year—or more than two-thirds of the total sales receipts for bright leaf.[2]

Cigarettes made in the state have been valued at $532,439,765.[3] This is 37.5 percent of the value given for all products manufactured in North Carolina. Of the total cigarette value, $117,581,135 was the portion contributed by the manufacturing process.

If the value of a single product is considered as the measure, then cigarette manufacturing easily constitutes the state's leading industry.[3] However, from the point of view of the extent of employment in manufacturing, this would not be the case.

FACTORY EMPLOYMENT

Reporting to the Unemployment Compensation Commission, are 65 plants listed as tobacco manufacturers. They make cigarettes, cigars, smoking and chewing tobacco and snuff and operate stemmeries. Altogether they provided employment to some 21,000 workers last year—about 1,000 fewer than in 1940.

However, the industrial classification system used by the Commission for statistical purposes does not reveal the proportion of workers who are reported as engaged in wholesale trade, but who, in reality, are also workers in tobacco manufacturing. The group of employers classed as conducting wholesale trade includes tobacco dealers and brokers. Many of these operate re-drying plants in connection with their warehouses, and workers they employ in such preliminary operations are included in the employment figure for wholesale trade. Thus the relative positions of these two industry groups in the following table are subject to this qualification. It can be estimated that workers on tobacco leaf processing within the trade industry would number about 10,000. Add these to the 21,842 listed as engaged in tobacco manufacture, and the industry as a whole would currently hold fourth place in importance to the state, on the basis of employment covered by the unemployment compensation law.

It must also be remembered that since the law applies only to employers of eight or more workers for 20 weeks in a calendar year, there will be an unknown number of tobacco warehouse establishments and seasonal processing plants which do not report to the Commission because their operations do not extend through or beyond 20 weeks in a year. (This same qualification applies to logging and sawmills.) A reasonable supposition as to the number of non-agricultural tobacco workers thereby excluded from the protective provisions of the unemployment compensation program, because of the shortness of the period of their employment, would be around 10,000.

N. C. INDUSTRIES HAVING LARGEST PAYROLLS (1943)[4]

Industry in Order of Employment	Avg. No. of Employing Units	Avg. No. of Workers Reported	Total Wages Paid—¾ of 1943	Rate of Annual Per Capita Income
Textiles	694	234,709	$ 216,387,745	$ 1,229.25
Trade—Retail	2,532	50,154	38,873,684	1,033.42
Misc. Manufacturing—Begun since war	33	32,566	59,884,596	2,451.83
Furniture & Finished Lumber Prod.	230	29,371	25,445,914	1,155.14
Logging & Sawmills	1,069	26,422	17,865,112	891.53
Trade—Wholesale	1,589	25,724	30,396,577	1,575.52
Construction	224	22,101	30,682,841	1,851.07
Tobacco Mfg.	65	21,842	24,421,716	1,490.81
Tobacco Mfg. (1940)	92	22,709	24,438,051	1,076.14

Earnings of tobacco factory workers last year were at the annual per capita rate of $1,490.81, which was somewhat higher than the average yearly income of all industrial workers in the state of $1,350.29. In 1940, tobacco workers were receiving wages at the lower annual rate of $1,076.14. So today, in the midst of war, a smaller number of tobacco workers are being paid more money than before. Among the factors which must be considered as contributing to this situation would be selective service withdrawals and the tightened labor

1. *Agricultural Statistics*, 1940-1943, pp. 50, 51. Figures on a crop year basis.
2. *Flue Cured Tobacco 1933-1943*, booklet issued by Person-Garrett Co., E. B. Ficklen Tobacco Co., and Greenville Tobacco Co., p. 4.
3. U. S. Dept. of Commerce, *Census of Manufacturers: 1939*, State Bulletin for N. C., Table 8, p. 9. The table does not list separately the value of tobacco manufactures other than cigarettes, which should be added to the figure given in considering the value of all the state's tobacco products. A variety of textile-mill products and other fibre manufactures in the same year were valued at $549,181,827; while apparel and other finished products made from fabrics and similar materials came to $18,463,040 more. It would appear, therefore, that with respect to value of all products, North Carolina textile and tobacco manufacturing industries were running neck and neck, with textiles likely to come out ahead. However, the cigarette stands alone, as the single product of great worth.
4. From reports covering first three quarters of 1943.

market, inflationary trends, and the application of a wage order under the Fair Labor Standards Act to the tobacco industry on August 10, 1942 requiring a minimum of 40 cents an hour.[5]

Among the seven Tarheel industries leading in the extent of employment furnished, tobacco manufacturing holds fourth place with respect to wages. Those being paid to workers in the new war plants (plane and shipbuilding and munitions—exclusive of converted or expanded industries), in wholesale trade, and in construction are higher.[6]

Recent reports to the State Department of Labor & Industry from eight tobacco manufacturers and 22 stemmeries indicate that 48.3 percent of their current employment is of women workers; in the stemmeries the proportion of women reaches 60 percent. Reports received by the War Manpower Commission from seven establishments show the proportion of women workers to be slightly over half. Also indicated is the proportion of "non-white" workers in cigarette and other tobacco factories of 48.7 percent. It is estimated that Negro workers, mostly women, in the small redrying plants and stemmeries which usually operate for part of the year only, would make up 90 percent of their employment.

5. A news release from the U. S. Dept, of Labor, dated July 13, 1942, states: "Establishment of a 40-cent minimum wage for the manufacture of cigarettes, snuff, chewing tobacco and smoking tobacco will increase the wages of about 5,000 employees in tobacco manufacturing plants and about 40,000 workers engaged in leaf processing. About half of those workers who will receive wage increases are employed in North Carolina."

6. From 1942 reports, the last year for which a complete industrial analysis has been made, it also appears that wage rates in transportation, communication, utilities, finance, insurance, real estate, professional business and repair services are all higher.

A CENTURY CONTRAST

History records an interesting comparison in the situation of tobacco factory hands nearly a century ago. The position of the tobacco factory worker, even as slave labor, seems to have been relatively favorable. J. C. Roberts, in his book *The Tobacco Kingdom,*[7] gives an account of ante-bellum manufacturing and the position of labor at that time.

Robert's well-documented treatise points out that tobacco manufacturing first grew to importance in Virginia and North Carolina in the period between the American Revolution and the Civil War, and at an accelerated rate from the 1830's on when the manufacturers began using more tobacco leaf than the shippers. In this whole Piedmont district, from 1850 to 1860, capital investment almost tripled, while hands employed and value of product more than doubled.[8] Over 83,000,000 pounds of leaf were manufactured in the two states in the fiscal year of 1860, amounting to more than 61 percent of the production of all manufactured tobacco, cigars excepted, in the United States.

By 1860, the tobacco manufacturing industry ranked second in importance in the area embraced by the two states,[9] although since tobacco growing had penetrated only the Piedmont border counties of North Carolina at this time, manufacturing was not as significant an item in this state then, as in Virginia.[10]

1860	Hands Employed	Value of Product
Virginia	11,382	$12,236,683
North Carolina	1,461	1,117,099

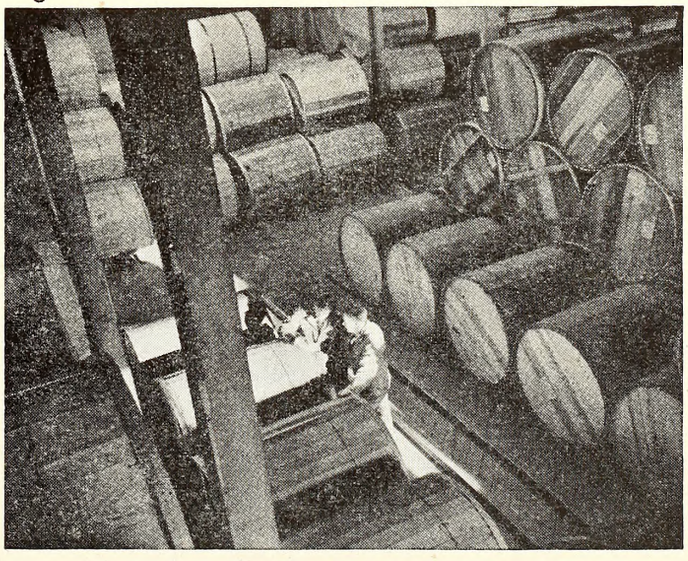
Factories were small. According to U. S. Census mss. returns for 1860, of 348 Piedmont factories,

7. Duke University Press, 1938. Sub-title: *Plantation, Market, and Factory in Virginia and North Carolina, 1800-1860.* See especially Chapter X, pp. 197-208.

8. *Ibid,* p. 165.

9. *Ibid,* p. 161.

10. *Ibid,* pp. 170, 164, 230-231, 177. A Manufacturers' Convention of 1857 for the upper Roanoke Valley extended representation to 15 establishments for the three N. C. counties of Caswell, Person and Rockingham, and to 157 Virginia firms. "As for North Carolina, it is certain that by 1857 three of the Caswell County factories were in Yanceyville, and five in Milton. Durham showed little promise of its



only two employed more than 190 workers; more than half of them had fewer than 30 hands.[11]

In this ante-bellum period, the term "manufactured tobacco" was virtually synonymous with chewing tobacco. The best tobacco grown was dedicated to the quid.[12] Cigar making was scarcely even a true part of the industry. Only one such project was listed for North Carolina.[13] Pipe-smoking tobacco was not a feature; cigarettes as an article of commercial manufacture were yet to be born.

Actual labor in these early factories was performed almost entirely by Negroes, principally hired slaves. "Large establishments benefited by an extensive division of labor. Stemmers were skilled in removing the mid-rib from the tobacco leaf; dippers, stark-naked in their rooms near the drying roofs, applied sticky flavorings; twisters fashioned the tobacco into twists; lump-makers modelled the plugs of 'lumps'; prizers and screw-men with rythmic chant turned the giant-levered screw-presses. Miscellaneous help included draymen, hogshead-men, cooks, and the like. Males predominated, though with the expansion of the industry in the 1850's, more women were employed, usually as stemmers or cooks,"[14] increasing the relative number of females to 17 percent by 1860. This ratio varied, for one-third of the Petersburg Va. hands were women. Also, in Petersburg, a large number of free Negroes were employed.

Apparently it was the custom for manufacturers to own some hands, but to hire others. The practice of hiring large numbers of Negroes who could be spared from the crops by their country owners grew in popularity as the industry developed. The rate of hire varied roughly between $100 and $200 a year. Toward the end of the period even higher figures were given for the better workers, but for some young boys no money was paid, since the experience, food and clothing constituted the return value for their services.

"Partly because of disciplinary troubles, but primarily on account of the extremely high rates asked by owners of Negroes, in the very last years of the 1850's, tobacco manufacturers began to employ white girls in the making of plugs, a process which required nimbleness rather than strength."[15] Reports indicate that at least two factories so hired white female operatives on a piece-work basis.

Concerning the health of factory hands, little information is reported. Their daily task took ten hours or more, and if they were boarded out, they had the benefit of exercise and fresh air in going to and from work. "There was no uniform arrangement as to medical attention . . . Sometimes the hiring agent obligated himself to care for the Negroes; often a fixed payment by the owner to a practicing physician assured medical care for the year; perhaps the most general custom was for the manufacturer, through personal supervision or through deputized physicians, to assume the responsibility for attending the slaves in illness." As evidence of impromptu treatment at the factory, note is made of an item charged on a factory expense book of "Castor Oil for Davy."[16] In 1832, looking to an epidemic of Asiatic cholera, Richmond tobacconists had two hospitals fitted up for their employees.

"The institution of slavery, when adapted to the large-scale manufacture of tobacco in the Virginia District, underwent conspicuous modifications. Certainly in the manufacturing cities the slaves enjoyed a freedom which belied their legal status." "In the tobacco towns three developments tended to offer the factory Negro the liberty and initiative characteristic of a free society: (1) letting the slave select his own hirer; (2) supplying him money with which to procure his own food and lodging where and with whom he pleased; and (3) assigning him a moderate-sized task and paying him appreciable bonuses in cash for all extra labor."[17] By this arrangement many bondsmen were essentially on a piece-work basis. Cash so earned was variously reported as ranging from two to five dollars a month, to a questionable from eight to twelve dollars a week.

At this point, it is interesting to note that bright leaf tobacco, the staple of the present cigarette industry, first gained prominence in the 1850's in Caswell County where an improved curing technique was developed.[18] Up to that time all tobacco that was raised was brown or red in color and was air-cured or smoked.

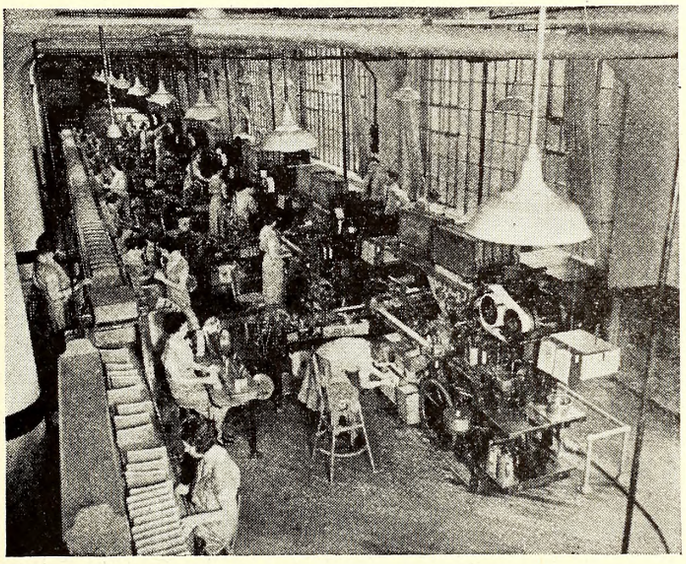
The rise and growth of the great cigarette-making businesses, after the Civil War period had passed, is an oft-told tale, with one or another of two themes predominating: how famous fortunes were made through manufacture and sale of product; or how the littlest of seeds can be made to produce a good smoke.

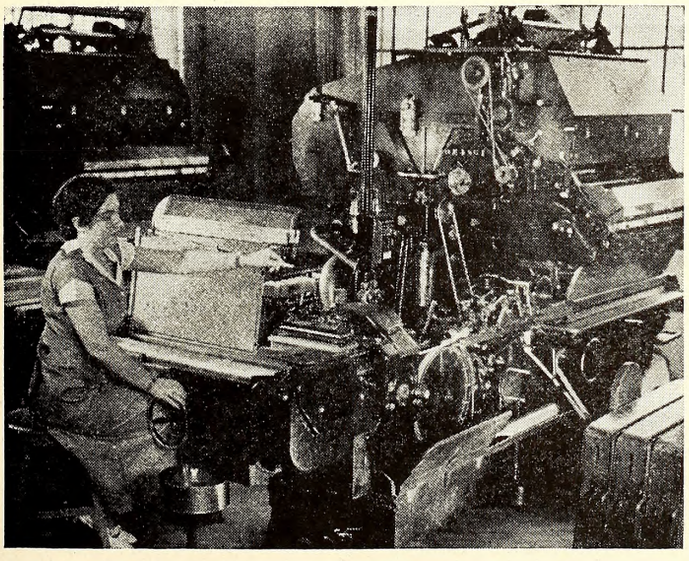
SITUATION TODAY

In the intervening years, the employment of women in the tobacco factories, both white and colored, has grown to present proportions, with differentiation preserved as to the type of work done by each group. A government report of 1934 explored the situation in the stemmeries[19] which employ Negro women primarily. In general, tobacco factory employment of white women is limited to

subsequent importance in the tobacco world; its first factory was not founded until 1858. Raleigh, in no sense a tobacco town in this era, deserves mention as the home of Lunsford Lane, well-known Negro manufacturer of smoking tobacco, who through industry and economy purchased his own freedom. Persecuted by the lower class of whites, Lane eventually left Raleigh to become one of the prominent anti-slavery leaders of the North."

11. *Ibid.* See p. 172.
12. *Ibid,* p. 171.
13. *Ibid,* p. 174.
14. The material in this paragraph and those following is drawn from Chapter X of *The Tobacco Kingdom,* pp. 197 ff.
15. *Ibid,* p. 208.
16. *Ibid,* pp. 201-202.
17. *Ibid,* pp. 208, 203.
18. From an account by Berkeley Carrington, Pres., Tobacco Assn. of U. S., Danville, Va., 1944. The story goes that brothers by the name of Slade in Caswell County, because of insufficient wood to fire the crop, had it cured with charcoal, making it a bright orange leaf. This proved to be an important "discovery" in the development of bright leaf. Dr. N. M. Tilley of Duke University is credited with correcting, by historical research, the details of this legend. See Winkler, *Tobacco Tycoon,* p. 28.
19. U. S. Dept. of Labor, *Hours and Earnings in Tobacco Stemmeries,* Bulletin of the Women's Bureau, No. 127.





the clerical force and cigarette machinery operatives.

Regulatory and social legislation has undoubtedly bolstered the welfare of tobacco factory workers. The State's Department of Labor, which was originally created in 1899, under present organization administers laws relating to sanitation and inspection in places of employment, seats for women workers (1909), the hours of employment for women (1915, 1937), medical aid equipment (1911), child labor laws (1903, 1937), and the Wage and Hour Law (1938)—all of which benefit workers in tobacco manufacturing. Under the Workmen's Compensation law of 1929, administered by the Industrial Commission, tobacco factory hands have insurance for hurt arising from accident or injury attributable to their employment. By virtue of the Federal Social Security Act of 1935, they carry old age and survivor's insurance, designed to provide retirement incomes and/or estates. Available to them since 1921 has been a free employment service, first organized as the State Employment Service and which has now temporarily become, after various transfers, an agency of the War Manpower Commission. Their employers, under the Unemployment Compensation Law, since 1937 have been contributing to a trust fund against which they may apply for stand-by income, in proportion to their earnings, at such times as no work is available for them.

Because of the seasonal nature of some phases of the tobacco manufacturing process—leaf picking, re-drying, prizing, stemming, etc.—the Unemployment Compensation Commission handles the claims of relatively large groups of tobacco workers each year. Payments made are numerous but small. An analysis of all benefit payments made in 1943 shows that 7.3 percent of them were distributed to tobacco workers, more than half of whom drew weekly checks throughout the maximum allowable period of 16 weeks. The tobacco group thus had the highest rate of exhaustion of benefits. More than half of the payments made were for less than $6.00 a week, indicating that the claimants generally were from the lower paid class of workers. Only the trade industry group was found to have a higher proportion of claimants who drew benefits of less than $6.00. As pointed out above, many workers classed in trade, are engaged in leaf processing.

For the tobacco manufacturing industry, unemployment benefit payments have amounted to 43 percent of contributions received; while the ratio for all industries in the state was 26.8 percent.[20]

Although it would appear that not all tobacco jobs are steady jobs, many of them are. And in the manufacturing plants are many occupations. An incomplete listing gives from 130 to 150 different job classifications.[21]

Apart from regulatory legislation, in some of the manufacturing plants, the welfare of the workers who hold such jobs has been a matter of concern to

20. U. C. C. of N. C., *Biennial Report*, 1942, p. 118.

21. B. F. Lemert, *Tobacco Manufacturing Industry in North Carolina*, N. Y. A., 1939. The Occupational Code used by the U. S. Employment Service lists job descriptions by occupation rather than by industry.

managements which take pride in their provisions for personnel, particularly such provisions as relate to medical care.[22]

THE FARM PICTURE

So much for the economic position of the factory workers on tobacco. But what about those who labor in the field?

Agricultural labor has for the most part remained outside the scope of regulatory or beneficent legislation, and also of reporting systems. However tobacco production and sales have long been subject to control[23] and record-keeping. As a by-product of recent agricultural statistics, it is possible to find some side-light illumination of the position of the tobacco grower and the field worker.

Raising the tobacco crop is very largely the family affair of a host of independent producers, who gamble their efforts year after year with the forces of nature and of national and international economics. The tobacco grower is said to have a job requiring constant application for 13 months out of the year. And it is still a job primarily for the hands of men, not machines.

Successful planters are those who can best guard against the caprices of planting, cultivating, curing, conditioning, grading and selling. For tobacco can "both bless and baffle its growers, and as their tobacco thrives or languishes, so thrive or languish thousands of North Carolinians."[24]

From figures published for 1942,[25] it appears that in the 26 counties with the largest tobacco acreage, the value of the tobacco crop amounts to two-thirds of the value of all of 13 leading crops. Index numbers of North Carolina farm prices since 1910 show such wide variations for tobacco as 72 and 372 percent of the base-period average. Recent farm prices, both for tobacco and all farm products have been higher than at any time since 1919-1920.

Consideration should be given here to the factor of controlled production in its effect on tobacco prices. The present system of restricted acreage allotments has tended to maintain the sales price for leaf tobacco at relatively high levels in recent years.

Thus in the relatively good year of 1942, with cash farm income listed at $463,637,000 and gross farm income at $560,506,000, if one takes five persons as the size of the average farm family and the farm population of 1,858,501 as reported by the 1940 census, it may be estimated roughly that per farm family,[26] the annual cash income was a little over $1,200; gross income, about $1,500. Considering that of all the 8,847,210 cultivated acres in the state, the number used for tobacco constituted only six percent, tobacco contributed a disproportionate amount to farm income: 62 percent of the cash and 56 percent of the gross.

In 26 counties having the largest tobacco acreage, the value of the 1942 tobacco crop amounted to $1,300 for every five persons; out of the $1,900 value of 13 leading crops. Apparently in a good year, the farmer who plants tobacco will do quite as well as, if not better than, the factory employee.

But another approach to the situation of those who "work tobacco" on the farms is by way of the labor needed to produce the crop. Labor require-

22. From an article by Crawford Remsen, Winston-Salem *Journal and Sentinel*, Supplement, July, 1942, comes the following account of the situation as to the R. J. Reynolds Co., the tobacco manufacturing organization which is perhaps the most uniquely Tarheel.

"In the heart of Winston-Salem, one may travel for many city blocks through streets canyoned by buildings of the R. J. Reynolds Tobacco Co. plant. There are 54 such buildings with a floor space of nearly four million square feet. The company is the largest taxpayer in Winston-Salem, the county of Forsyth, and the state of North Carolina, which ranks third among the states as contributor to the Federal Treasury. The annual revenue tax alone, paid by this company, would pay for more than 5,000 of our most modern interceptor planes, or 700 Flying Fortresses, or three of the world's most powerful battlewagons of the North Carolina class. It is not mere chance that Winston-Salem has one of the best public school systems in the nation and ranks among the first cities of its class in hospitalization for all classes of its population.

"With some 12,000 persons on its payrolls, the company is widely known for its safeguarding of the welfare and health of its employees, and in providing for their safety and security in old age. The company pioneered in this respect. Long before these matters had become an active government concern, the company had provided group insurance and retirement pay plans for all its employees. They are taken care of when they are sick, if they are injured, if they become disabled, or if they become eligible to retire. And their families are cared for under life insurance when the wage earner dies. The group insurance is optional, but more than 98 percent of the employees participate in it. Men are eligible for retirement with pay at the age of 65, women at 60.

"Working in close cooperation, the personnel and medical departments render a broadening service to the public in the locality, through their work with employees and their families. In fact, the work of these two departments constitutes an effective economic life extension service to the whole community. The result has been to decrease the employees' loss of wages through illness to a remarkable degree and to raise the general health level of the city. The personnl of th medical department which was established in 1919, consists of two doctors, 12 nurses, a dentist, and a technician, all on a whole time basis. Identical offices are provided for white and for Negro workers."

23. The editor is indebted to W. A. Lucas of Wilson, N. C., for a number of references to 18th-century legislation regarding public inspections, disposal of unsound product, curtailment of over-production and warehouse regulation. The only reference found in an early law that might be considered as relating to labor is in Sec. 11 of the Act of 1777, to the effect that: "no slaves within the counties of Halifax, Northampton, Bute, Granville, Edgecombe and Wake, for his own benefit, shall cultivate any tobacco, under the penalty of five pounds of current money of this state for every five hundred hills, so cultivated, to be recovered from the master, owner or overseer of such slaves."

24. *North Carolina Today*, Vol. I, No. 2, Dec. 1937.

25. The following calculations are derived from data contained in the issue of *North Carolina Agricultural Statistics* for 1943.

26. No figures are available to indicate the extent to which Negroes participate in tobacco growing. In the rural counties leading in tobacco production, Negroes numbered 38 percent of the total 1940 population.

27. R. E. L. Greene, Associate Agricultural Economist, State College, Raleigh, N. C., specially prepared detailed tables and charts on "Labor Requirements and Workers Required for Producing Flue-Cured Tobacco by Types and by Months," "Monthly Distribution of Man Labor on Tobacco," "Tobacco: Usual Operations, Dates Performed, and Labor and Power Used per Acre, Halifax County," "Tobacco: Usual Operations, Dates Performed, Power Units Used and Labor and Power Used per Acre, Davidson County," "Semi-Monthly Distribution of Man Labor per Acre on Tobacco—Halifax County, N. C.," and "Semi-Monthly Distribution of Man Labor per Acre on Tobacco—Davidson County, N. C."

ments for growing tobacco, as against the process of turning the leaf into finished articles ready to smoke or chew, appear to be much greater. Taking the man-hour requirements, on the basis of acreage, for some 21 different operations from preparation, transplanting, cultivating, on through harvesting, and considering the full time of one man at the rate of 10 hours a day for 240 days a year, it can be estimated[27] that getting in the North Carolina tobacco crop calls for the equivalent of 99,752 full-time workers yearly. However, labor requirements are not uniform throughout the year. In August, the peak month, the equivalent of 352,780 workers would be needed.

Average wages being paid to hired farm labor in the state as of last October—incidentally the highest figure quoted for the past 20 years—were at the rate of $2.50 a day without board. On this basis, the hypothetical 99,572 workers required to raise and harvest the tobacco crop, might expect annual incomes of $600. on the average, and no protection from present labor and security laws.

The pictures used on the foregoing pages as illustrations of the tobacco industry were supplied to the QUARTERLY by the R. J. Reynolds Tobacco Co., of Winston-Salem.

DOMESTIC SERVICE HELD SUITABLE FOR TOBACCO WORKERS IN OFF-SEASON

The payment of unemployment compensation to seasonal tobacco workers during the periods when they are laid off always brings a number of problem cases before the Unemployment Compensation Commission. It also brings a few complaints from housewives, in search of domestic help, when they find that the idle tobacco workers, if receiving benefits for unemployment, are often reluctant to undertake such work.

Technicalities of the law must be followed in its administration by the Commission, and applied to the individual. In general, however, an unemployed tobacco worker who refuses a suitable offer of domestic service during the off season when there are no employment prospects in her primary occupation, disqualifies herself for receiving benefits.

The law provides that workers who earn at least $130 in a year from employers who pay the unemployment compensation tax, become eligible for benefit payments, in proportion to wages earned, when they are out of work through no fault of their own. Thus, in communities where tobacco workers are unemployed for several months in the year, the Commission receives a large number of claims during the off-season.

In order to receive benefits, the individual claimant must register for work, be able to work, and available for work. A refusal of a suitable job without good cause subjects the claimant to a disqualification. It is necessary, of course, for the Commission to determine for each individual claimant, whether or not a limitation as to the amount of acceptable wages is too great a restriction on availability, and whether or not the work would have been suitable if a job offer is refused.

When a worker has been earning a higher wage in industrial employment, such as tobacco processing, than would be customary in another occupation, such as domestic service, the question of suitability often becomes a hair-splitting issue.

Housewives who complain that unemployed tobacco workers prefer to draw compensation checks—which for them average well under $6.00 a week, incidentally—rather than accept domestic service, apparently do not realize that in many instances such work offers cannot be regarded as suitable under the law. But the Commission has held in many cases that where there are no immediate prospects for a tobacco worker in her customary employment, domestic service is a suitable secondary occupation, and an offer of domestic service at the prevailing wage level would be a suitable job. If a claimant refuses such an offer, without good cause, she forfeits a part of her right to benefit payments.

The unemployment compensation program looks to the eventual reemployment of all claimants. That is why it is a condition of eligibility that a claimant be registered for work at an employment office. As soon as a claimant has a new job, unemployment benefits cease. Penalties for fraud are imposed on the occasional claimant who continues to file for benefits from a former job while working on a new one.

In this connection, there is another provision of the law which has led to some misunderstanding. An unemployed worker may earn up to $3.00 a week from casual odd jobs, without becoming re-employed in the eyes of the law. In other words, if a tobacco worker in the off season had qualified for benefit payments, she might perform a bit of domestic service here or there for a little extra cash and still draw unemployment compensation checks. So long as her weekly earnings by this means do not amount to more than $3.00, she is still regarded as unemployed.

ODE TO TOBACCO

Come then, Tobacco, new-found friend,
Come, and they suppliant attend
In each dull, lonely hour;
And though misfortunes lie around,
Thicker than hailstones on the ground,
I'll rest upon thy power.
Then while the coxcomb, pert and proud,
The politician, learned and loud,
Keep one eternal clack,
I'll tread where silent Nature smiles,
Where Solitude our woe beguiles,
And chew thee, dear Tobac.

—DANIEL WEBSTER.

Notes On U. C. C. Operations

UNEMPLOYMENT COMPENSATION— HOW LONG DOES IT LAST

The Unemployment Compensation Commission's Bureau of Research and Statistics has completed a study of last year's claimants, in order to determine how often benefit payments in North Carolina carry workers all the way from job to job. The study includes a sample of 7,360 claimants, approximately one-fourth of all claimants who received payments during 1943. It should give a partial answer to the question: Do authorized payments under the present compensation formula meet the needs of the average worker during spells of unemployment?

The length of time for which benefits may be paid under the Unemployment Compensation Law is often as important to the claimant as the amount. This is especially true during periods of unusual economic disturbance when there is no basis for estimating the length of time that may be required to find employment.

Knowledge of the duration of benefits is also important to the Commission in determining the solvency of its Fund, and for this purpose will be of significance as to the post-war period.

WEEKLY PAYMENTS

For North Carolina, the average weekly benefit amount has varied somewhat from year to year within a narrow range, the tendency being upward as wage rates have been increased. The average for 1943, based upon the sample included in this duration study, was $7.89. This is the highest average for any year since benefits became payable.

The potential duration of benefits which may be paid the unemployed worker is controlled by the provision of the benefit formula. These provisions vary from state to state. In North Carolina, the worker, if he has proper wage credits, is assured of 16 weeks potential payments during a year.

A claimant's eligibility and benefit duration depend upon his earnings during a base period. The term "base period" means, (1) the completed calendar year immediately preceding the filing of a claim from July through January; (2) from the first of January through June, the base period will be the next to the last completed calendar year. Thus, if a claimant filed his first claim during 1943 after July 1, his base period was 1942; if he filed his claim in 1943 prior to July 1, his base period was 1941. To be eligible for benefits, a claimant must have earned wages in his base period in accordance with the schedule adopted by the Legislature in 1941. Minimum wages of $130.00 qualify a worker for the minimum weekly benefit amount of $3.00 for total unemployment. Larger amounts are in proportion to reported earnings.

DURATION OF BENEFITS

The average duration of benefits has remained practically constant for the last three years, at 10.1 to 10.2 weeks.

A claimant who is compensated for 16 full weeks of unemployment receives the maximum benefits to which he is entitled during the year, and exhausts his benefit right. Of the 7,360 claimants studied, 38.5 percent drew compensation throughout the maximum allowable period of 16 weeks. Likewise, of the 14,707 claimants studied in a 1942 sample, 43.7 percent had exhausted their benefit rights.

This suggests that the actual duration would average more than 10 weeks, were the provisions of the benefit formula extended so as more nearly to carry these workers who run out of stand-by income on through their period of unemployment. It also indicates that the war has had little effect upon the duration of unemployment in this state, which for the past two years has been largely confined to unemployment arising from seasonal or frictional causes.

It is interesting to note that the unemployment recorded for nearly a third of the claimants who were out of work for 10 weeks or more, was not a continuous jobless experience, but a series of spells of unemployment. In other words, a certain proportion of unemployment compensation beneficiaries, probably about a sixth of them according to this study, tend to be repeaters. It is not known whether the nature of their temporary jobs, or the nature of the individuals, would be chiefly responsible for this situation.

SIZE OF WEEKLY PAYMENTS

It has always been true that there are more workers in the lower wage groups to suffer from unemployment. And for them it apparently lasts longer. Duration studies show, as this one does, that claimants with smaller weekly benefit amounts were compensated for more weeks of unemployment than those receiving larger weekly payments.

The big majority of the claimants, 65 percent or almost two-thirds of them, were entitled to weekly payments of from $5.00 to $9.99.

Claimants who exhausted their benefit rights, received weekly payments averaging $7.33. Those who did not draw benefits for the full 16 weeks, were compensated at the average weekly rate of $8.25.

INDUSTRIAL CLASSIFICATION

It appears that the largest number of claimants, 2,726 or 64 percent, were formerly employed in manufacturing. The next largest number, 1,689 or 23 percent, had been engaged in trade. And it is in this group of claimants from trade, that the greatest number are found to have exhausted their benefit rights. Within the group from manufacturing, the highest proportion of exhaustion was among the workers separated from tobacco plants.

More than half of the former tobacco manufacturing workers, and 60 percent of those from the industry division classified as trade, but which includes together with wholesale houses a number of leaf processing establishments, had weekly benefit payments of less than $6.00. For no other industry

group were as many as a third of the claimants on a compensation basis of less than $6.00 a week.

EMPLOYER TAX RATES TO BE LOWERED

A new computation to determine the 1945 tax rates for North Carolina employers is now being conducted by the Unemployment Compensation Commission. Beginning with the first of July, the Commission began its annual check of employers' reserve balances. For every employer whose account shows a certain ratio of contributions paid to benefits charged, as prescribed in the Law, a further analysis will be made to see how much of a tax reduction may be allowed on his next year's payroll.

A report issued by the Commission sets out in detail the operation of the employer experience rating plan in North Carolina for the current year.

NATURE OF PLAN

The avowed purpose of the plan is that of offering an incentive, in the form of reduced taxes, to private industry to try to remove one of the causes of social insecurity—unemployment. It aims to put a premium on the stabilization of employment practices, insofar as the individual employer is concerned. Accordingly, the North Carolina law and the laws of some other states provide for a lowered scale of payroll taxes to those employers whose experience with regard to unemployment is considered favorable; that is, to employers who over a period of years have built up reserve account balances that meet certain standards.

Under experience rating, reduced tax rates first became effective in this state in 1943. The provisions are such that it may be possible for an employer to qualify for the minimum rate of 0.27 percent, representing a 90 percent reduction from the standard rate of 2.7 percent of payroll. During this year, 53 employers are paying at the minimum rate. However, all contributions produced at the minimum rate are credited to a "pooled account." This nucleus of the unemployment trust fund is maintained as a source from which benefits may be paid to eligible claimants, when no separate employer account is available.

RATE TRENDS

Although the Commission handles over 10,000 individual employer accounts, there are still a large number of them—1,265 at the time of the last computation—which lack 36 months of continuous liability, which is one requirement that an account must meet in order to be rated. Some others are temporarily inactive, overdrawn, or otherwise ineligible for rate classification.

The standard rate of tax is 2.7 percent of payroll. With experience rating in operation, tax payments in 1943 averaged 2.66 percent; while 1,559 employers were enjoying reduced rates and a total saving of $420,182.53. For this year, tax payments are averaging 2.44 percent, and 3,536 employers with lowered rates are saving approximately $1,894,791.90.

During these war years, with the employment level so high it is brimming over with urgent calls for more workers, there have been relatively few unemployment benefit payments made to depress employer reserves. Consequently, it may be expected that this new computation will reveal many more employer accounts with ample reserve balances entitling them to further rate reductions. It is estimated that the average contribution rate for 1945 will fall to around 2.13 percent; though probably not below 2.00 percent. This will mean an additional saving to employers, but a loss in yield to the unemployment compensation fund, of over five millions.

CHANGES IN RATE BY INDUSTRIES

More than half of the 1944 reduction of nearly two millions is accruing to the state's manufacturers; while the trade group, including both wholesale and retail merchants, is receiving 23 percent of it. The greatest relative savings are among the finance, insurance and real estate dealers.

Average 1944 rates and tax savings for the major industry groups in North Carolina are as follows:

Industry Division	Number of Rated Accounts	Average Tax Rate	Estimated Savings
Agriculture	23	2.36%	$ 1,169.00
Mining	83	2.64	2,971.20
Construction	598	2.55	98,515.70
Manufacture	2,684	2.49	1,011,106.10
Transportation, Communication & Utilities	331	2.25	142,748.90
Wholesale Trade	1,136	2.08	214,654.50
Wholesale & Retail Trade	148	2.14	17,073.40
Retail Trade	1,756	2.28	201,980.40
Finance, Insurance & Real Estate	351	1.74	143,773.30
Service Industries	828	2.54	60,799.40

EFFECT OF VOLUNTARY CONTRIBUTIONS

North Carolina is one of a half dozen states where the employer experience rating provision in the law permits employers to make additional voluntary contributions to their reserves. These would be made with the idea of raising the account balance to a point that would warrant a reduced rate, or a further rate reduction. Such voluntary contributions must be made on special forms and prior to the annual computation date of July 1st.

Twelve employers in 1942, and 11 in 1943 took advantage of this special provision, and contributed $392,517.00 and $147,371.95 respectively.

The first year, three textile mills made voluntary contributions of $50,000, $80,000, and $100,000. As a result, each received a reduced tax rate for the following calendar year of 1.02 percent of payroll. This is a saving of 62.2 percent from tax payments if made at the standard rate.

All of the twelve employers who made voluntary contributions in 1943 are now paying 1944 payroll taxes at reduced rates. Five of them, by making the additional contributions, raised the balance in their reserve accounts sufficiently to entitle them to the maximum tax reduction. These five are paying their 1944 tax at the minimum rate of 0.27 percent of payroll, which represents a 90 percent saving against the standard tax. The voluntary contribution made by one retail merchant reduced his tax all the way from the maximum to the minimum rate. For one

of the textile manufacturers, the 1944 tax saving is estimated at more than twice the amount of the voluntary contribution.

COMMISSION HEARS STRIKE CASES

The members of the Unemployment Compensation Commission of North Carolina, holding their regular 60-day meeting June 22, devoted four hours of the session to hearing and deliberating appeals by claimants who were denied benefits for unemployment in three strike cases. The vote of the Commission sustained all the earlier decisions. The total number of appeals brought before the Commissioners was 101. Affected by their decision were 65 workers of the American Tobacco Company in Durham, 30 workers of the Slane Hosiery Mills of High Point, and six workers of the Spray Cotton Mills of Spray.

Originally, 1,014 claims were filed in the Durham case, 90 claims in the High Point case, and 35 in the Spray case. In each instance, following evidence taken at initial hearings held by the Commisison's claims deputies, it was found that the unemployment which occurred at the end of February and the beginning of March of this year, was attributable to a labor dispute. All claims for benefits were denied in these three cases in accordance with the Unemployment Compensation Law (Sec. 5 (d)), on the ground that the unemployment resulted from a stoppage of work due to a labor dispute, and that the workers claiming compensation were either participating in the dispute, or belonged to a grade or class of workers some of whom took part or were directly interested in it.

The law also provides that any worker, who is dissatisfied with the determination of his claim made by the deputies, may appeal his case, and the 101 claimants for whom hearings were held today did so.

The more usual procedure in North Carolina unemployment compensation practice is for appeals to be heard first by one of the Commission's appeals deputies, and then, if a further appeal is taken it is reviewed by the Chairman of the Commission. In the present instance, the appeals have been brought directly before the full Commission, sitting in a body, for hearing and decision.

Commissioners present included W. R. Curtis, Acting Chairman, Judge C. E. Cowan of Morganton, Charles A. Fink of Spencer, R. Dave Hall of Belmont, R. Grady Rankin of Charlotte, and Dr. Harry D. Wolf of Chapel Hill.

Commission decisions are generally final, but not necessarily so. Claimants, if still dissatisfied, retain the right to carry their cases to the Superior Court. No recent cases, however, have been taken to court.

Evidence that the Priorities Referral Plan of the War Manpower Commission, inaugurated on a nation-wide basis on July 1, is workable and is proving effective in North Carolina is accumulating, Dr. J. S. Dorton, State WMC director, reports.

U. C. C. AND THE "G.I. BILL OF RIGHTS"

After a period of dwindling claim loads and the carrying out of a hold-the-fort-against-the-future campaign, the Unemployment Compensation Commission of North Carolina now goes into action on a new front. The passage by the national Congress of the Servicemen's Readjustment Act of 1944, popularly known as the "GI Bill," which in Title V provides for allowances to unemployed veterans of World War II, gave authority to the Veterans Administration to delegate the responsibility for that part of its program to state employment security agencies. In North Carolina the U. C. C. has undertaken, by agreement, to handle all claims for veterans' readjustment allowances and to make payments. On September 4, begins this new phase of operations—directly connected with the war effort.

Intensive training of personnel took place during the last weeks of August. Staff officers conferred with Veterans' Administration officials in Washington and New York and returned to Raleigh to work out procedural details with other department heads. The Commission's claims deputies assembled from the field at headquarters to get their instructions and then in turn carried these back to personnel in the local employment offices throughout the state. With the cooperation of the War Manpower Commission, now in charge of employment offices, the U. C. deputies held a series of training conferences for Unemployment Compensation claims takers and Employment Service interviewers throughout the state, to make sure that at every point where the vital contact with veterans might be made, there would be a U. C. or an E. S. representative fully instructed as to techniques for handling applications and claims for veterans readjustment allowances.

As of September 4, the Commission begins to accept claims for readjustment allowances. No one could know where or to what extent the claim load for veterans' allowances would develop. The maximum potential could be over 300,000— or the total number of North Carolina men and women who have entered military service. Some of these have already been released or discharged from active duty. It is estimated that probably between 1,500 and 2,000 have been returning to the state each month for the past year. Presumably, however, very few of them are at present without employment; to judge by the few claims filed by veterans for unemployment benefits to be paid out of the state fund.

UNEMPLOYMENT BENEFITS— STATE PROGRAM

In connection with preparation for administering readjustment allowances in this state, the Commission has given consideration as to how this program will tie in with that provided in the Unemployment Compensation Law of North Carolina. The state law contains a "freezing" clause, under which a veteran with previous covered work experience in the state is entitled to file a claim with the Commission within six months of his discharge. This has the effect of bringing forward the wage credits established in his account before he entered the service, so that he

may draw against them if he has occasion to do so at any time within two years after his return to civilian life. However, as the state law is written, it stipulates that if veterans are receiving payments for unemployment from the United States Government, then state benefits are not to become payable until after all rights to the federal payments are exhausted.

The weekly readjustment allowance provided in the G. I. Bill is $20, to run for a period determined by each veteran's length of service, up to a total of 52 weeks in two years. State benefits vary in accordance with previous earnings, with a maximum payment of $15 a week, and a maximum duration of 16 weeks in a year. It is entirely possible for a number of veterans to be in a position to draw state benefits after exhausting their federal allowances, if they have not found employment sooner. Consequently the Commission has been urging veterans, as they return to civilian life, to file claims for unemployment compensation, so as not to forfeit their rights to benefits from the state fund during the following two years.

It can be assumed that a great many veterans who have already returned are now employed—either going back to their old jobs or readily finding new ones—as only a few have made any application to the Commission with regard to their unemployment compensation rights.

From September on, the U. C. C. is handling veterans' claims according to the G. I. payment plan, and it will be some time before the freezing provision in the North Carolina law will again enter the picture. In any case, unemployment benefits from the state trust fund built up by North Carolina employers for their workers who may become unemployed, would become payable only to those veterans with previous work experience in North Carolina.

READJUSTMENT ALLOWANCES—G. I. PLAN

Readjustment allowances, designed to provide allowances for unemployed veterans, resemble state unemployment compensation payments in many respects. However, the G. I. weekly payments are not dependent upon previous earnings; and the number of payments permissible depend upon the length of the veteran's military service, so that benefits are available to the veteran who has never held a civilian job, as well as to the one with long civilian work experience.

A. Eligibility.

To be eligible to receive a readjustment allowance, the veteran must: (1) Have been discharged or released from service under conditions other than dishonorable; (2) Have been in active service after September 16, 1940, and before the end of the present war; and (3) Have at least 90 days active service, unless sooner discharged because of a service-connected disability.

If able to satisfy these conditions, the veteran may claim and receive an allowance for any week of unemployment — or partial unemployment, if he earns less than $23 in such week—provided that he resides within the United States at the time of making the claim, that he is able to work and available for suitable work, and that he registers with, and continues to report to, a public employment office. Public employment offices or their branches are located in every county in the state.

B. Disqualification.

Although otherwise qualified to receive an allowance, the veteran will become disqualified if he voluntarily leaves suitable work without good cause, or is suspended or discharged for misconduct in the course of employment. Also, failure to apply for suitable work on referral by a public employment office, failure to accept suitable work when it is offered, or failure to attend an available free training course as required by regulations issued under the act, will disqualify the veteran if such failure is without good cause.

The conditions and standards for determining what is "suitable work" and what constitutes "good cause" are similar to those prescribed by the Unemployment Compensation Law of North Carolina. Usually, the determination of the question will depend upon the facts in the individual case. As a rule, however, the veteran will not be forced, in order to qualify for an allowance, to accept or continue work not in keeping with his training and abilities, or under conditions that would work a hardship upon him. The act provides that work shall not be deemed suitable if the position offered is vacant due directly to a labor dispute, or if the wages, hours, and other conditions of work are substantially less favorable than for other similar work in the locality.

A further reason for disqualification is that the unemployment is due to a work stoppage resulting from a labor dispute, unless the veteran is neither participating nor directly interested in the dispute and does not belong to the grade or class of workers involved in it.

The period of disqualification consists of the week in which the cause of disqualification occurred and not more than four immediately succeeding weeks, that is, the period of disqualification can not be more than five weeks in all. In cases of successive disqualifications, the Administrator of Veterans' Affairs, may extend the period for not more than eight additional weeks.

C. Payment.

A readjustment allowance may be paid for each week of unemployment within the maximum limits which occurs within either two years of discharge or the end of the war, whichever is the later. Thus, if the veteran is discharged in January 1944, and the war continues until December 1945, he could receive the allowance for unemployment occuring in 1947 although he was discharged almost four years previously. However, in no case will the allowance be paid for unemployment occurring more than five years after the end of the war.

The number of weeks for which the allowance is payable depends upon the length of the veteran's military service. He may be paid allowances for eight weeks of unemployment for each month of

military service up to the first three months. After that, each month of service, or major fraction, entitles him to receive allowances for four additional weeks of unemployment. Thus, if the veteran were in service for six months, he would be entitled to receive an allowance for 36 weeks if unemployed that long; 24 weeks would be permitted for the first 90 day period of service, and 12 additional weeks for the other three months. In no case, however, may the allowances be paid for more than 52 weeks, regardless of the length of service.

The amount of the allowance for any week is $20, less any wages earned over $3. Thus, if the veteran is totally unemployed, earning nothing, he receives $20. If he earns $3, his allowance is still $20, giving his total income for the week of $23. If he is partially unemployed and earns more than $3, the excess of his pay over the $3 will be subtracted from the $20; so that if he makes $10, his allowance is $20 minus $7—the amount by which his $10 earnings exceeds $3—or $13.

The act contains a provision that if the veteran receives unemployment or disability compensation—either federal or state—for any week, his allowance will be reduced by the amount of such compensation. This provision does not apply to any pension, compensation or retired pay received from the Veterans' Administration. Thus, a veteran could be receiving $50 per month disability pension from the Veterans' Administration, and still receive, if he satisfied the other conditions, $20 per week in readjustment allowances.

D. Allowances for Self-Employment.

If a veteran is not working for wages or salary, but is self-employed, or in business for himself, his allowance is determined upon a monthly basis, and he is entitled to receive an allowance equal to the amount by which his net earnings fall short of $100 per month. For instance, if a veteran is fully engaged in self-employment, and his net earnings for a month are $75, he is entitled to receive an allowance of $25 for that month. The same limitations as to periods of entitlement—up to 52 weeks, depending on the length of military service—apply, but the provisions requiring registration with an employment office, acceptance of or continuance in suitable work, etc., do not affect the self-employed veteran.

E. Review.

Any veteran whose claim for an allowance is denied, is entitled to a fair hearing before the Unemployment Compensation Commission's appeals section. The veteran, if he wishes, may refer his case further to the Readjustment Allowance Agent, appointed by the Veteran's Administration, to represent the Administrator of Veterans' Affairs, in the Commission's central office. In general, this Agent acts as the final appellate authority in regard to contested claims arising in North Carolina, although his decisions are subject to review by the Veterans' Administrator.

Migration of Workers To and From North Carolina

According to a survey conducted by the Unemployment Compensation Commission of North Carolina, the number of workers who have left this state for employment in other localities appears to be upward of 225,000—probably more nearly 250,000—the great majority of them departing since the beginning of the war. At the same time, some 115,000 workers from other states have been reported as employed in North Carolina since 1940. In other words the ratio of out- to in-migration has been roughly two to one, and the net loss to the state's business and industrial economy may be thought of as at least 100,000 workers.

CHALLENGE

This poses the query as to whether, in the post-war period, North Carolina will retain many of those workers who have come here, or regain many of those who have left.

The record of worker migration is a challenge to the state. North Carolina must so shape its post-war development as to attract the working population, if it hopes to capitalize on its own great potential supply of labor, rather than to entertain a losing proposition in the future as it has in the past.

BASIS FOR MEASUREMENT

The interstate migration of workers has long been an interesting subject. To statisticians, in particular, it has been a peculiarly fascinating and baffling one, for the migratory worker, like a bird on the wing, is hard to catch and tally.

The demands for war production intensified interstate labor shifts and likewise the desire of employment security administrators and post-war economic planners to know the extent of such shifts. However, this is difficult to evaluate, because records which form the bases of statistical series have not been set up to measure either labor or population migration.

The United States Bureau of the Census has attempted with some success to guage recent population shifts by analyzing O. P. A. ration book registrations in certain areas. The stabilization program of the War Manpower Commission has produced some reports indicative of labor shifts within the last year.*

Another approach to knowledge on the war-migration of workers has been made by the Unemployment Compensation Commission of North Carolina, with the help of other state agencies, through a check of social security account numbers under which wage reports of workers in covered employment are filed. Social security account numbers are issued to workers in the state where they enter the labor market, and are carried with them when they move into

*See article following, pp. 86-87.

other states. Thus, by a check of these numbers for state of origin, it is possible to gain a general idea of labor shifts.

QUALIFICATIONS

It can be a general idea only, because of other factors that must be taken into consideration.

For instance, the Commission's check of 1942 wage records showed how many workers' accounts in that year were listed under numbers issued in North Carolina and under numbers issued in other states. But these figures would also include accounts for workers who had changed residence prior to the war. The survey of 1942 showed a total of 134,571 out-of-state workers in North Carolina. A similar survey made for 1940 indicated that there were 19,000 out-of-state workers here at that time. This suggests that the extent of migration indicated by the 1942 reports is too high as a measure of labor shifts in war time by about 14 percent.

On the other hand, the figures on outflow from one state to another will be too low in proportion to the number of individuals who went to other states to take up war jobs without previously being part of the labor force or having social security account numbers assigned to them in the home state. This would be particularly true for states, such as North Carolina, which are regarded as labor-supply states, and from which many people from schools and farms, after elementary training, may be referred elsewhere. For North Carolina it is estimated that there were at least 30,000 such referrals during the war period.

Another limitation which must be placed on figures which are not derived simultaneously is the fact that there is continual movement in the labor force. Because of this fluidity, the value of a tabulation covering an extended period decreases with the time element involved. It also becomes less reliable as a measure of worker distribution as time goes on.*

Again, it cannot be known how many of the workers, moving across state lines, for one reason or another may have applied for new social security accounts in their new states of residence.

PLUS AND MINUS

Subject to these qualifications, the survey makes an interesting comparison between workers the state has gained and the workers the state has lost. The accompanying table shows these gains and losses state by state.

With respect to the 40 states from which the Commission has received reports, North Carolina has added 117,314 workers—subject to the 14 percent subtraction for pre-war in-migration; while sending to these other states 223,029 workers—subject to a similar correction for pre-war migration and to the addition of the estimated 30,000 transferring without established account numbers. Not heard from were two nearby states, Tennessee and Pennsylvania, for which it may be assumed the outgo of workers from North Carolina would be greater than the intake.

In other words, after making allowances for the deficiencies of the tabulated data, labor shifts during the war from and to this state appear to have been at the rate of about two to one in favor of the other states.

MIGRATION OF WORKERS TO AND FROM NORTH CAROLINA

As indicated by wage reports to employment security agencies. (1942-1943.)

State	*Workers From Other States in N. C.*	*N. C. Workers in Other States*
Alabama	2,589	1,269
Alaska	2	32
Arizona	82	615
Arkansas	323	440
California	708	6,282
Colorado	133(A)	(B)
Connecticut	394	2,768
Delaware	295	2,152
District of Columbia	2,321	5,857
Florida	5,502	9,487
Georgia	13,703	11,388
Hawaii	26	50
Idaho	59(A)	(B)
Illinois	1,980(A)	(B)
Indiana	695	1,106
Iowa	223	185
Kansas	162	205
Kentucky	1,351	4,418
Louisiana	815(A)	(B)
Maine	158	116
Maryland	2,769	31,459
Massachusetts	683	1,001
Michigan	854	3,000
Minnesota	189	143
Mississippi	1,467(A)	(B)
Missouri	497	315
Montana	54(A)	(B)
Nebraska	82	82
Nevada	13	99
New Hampshire	163	123
New Jersey	1,951	4,544
New Mexico	71	78
New York	7,009	10,200
North Dakota	26	10
Ohio	2,896	2,407
Oklahoma	396	290
Oregon	125	360
Pennsylvania	3,758(A)	(B)
Rhode Island	167	394
South Carolina	48,747	25,673
South Dakota	43	29
Tennessee	5,147(A)	(B)
Texas	891	935
Utah	59	112
Vermont	70	45
Virginia	20,849	94,443
Washington	193	746
West Virginia	3,602(A)	(B)
Wisconsin	242(A)	(B)
Wyoming	37	63
Totals	117,314(C)	222,927

(B) The number of North Carolina workers in these states is not available.

(C) This total does not include the figures which have an (A) beside them, because the number of North Carolina workers in those states is not known. The total for the excluded states is 17,257.

NORTHWARD MOVEMENT FOR EAST COAST

With respect to its neighbor Virginia, there were more than four times as many Tarheels working north of the state line, as workers North Carolina had acquired from Virginia. The difference with

*For instance, an adjoining state, which reported 94,443 North Carolina workers with wage credits in that state during 1942, reported only 68,813 for 1943, a decline of 25,630. Since there has been no observable increase in the North Carolina labor force during this period it must be assumed that most of these 25,000 workers have been dispersed into states other than North Carolina, with some inducted into military service.

respect to Maryland is even more spectacular, where the labor outgo from North Carolina is nearly 15 times that of the influx.

In fact, for the Atlantic seaboard, with the exception of Florida, a general northerly movement of labor is apparent. From Georgia and South Carolina more workers came to this state than left to go south to them; just as more workers left North Carolina to go north to Virginia, the District of Columbia, Maryland, Delaware, New Jersey, New York, Connecticut, Rhode Island and Massachusetts, than came here from those states.

NATIONAL PICTURE

A similar tabulation for the country as a whole, also made by the Unemployment Compensation Commission of North Carolina, suggests that the total number of workers who have changed their state of residence is over twelve million.

This estimate of the total extent of worker migration during wartime does not differentiate with respect to concentration in certain areas. It merely points to the overall size of the picture of interstate migration, and includes both the incoming and outgoing migration from North Carolina.

The figure of more than twelve million is based on reports received from 27 states. The 24 states from which data have not been received had, according to a June 1943 estimate of the Social Security Board, 19,056,000 workers with wage credits in 1942. The total number of workers with wage credits for the nation, according to the same estimate, after allowing for duplications, was 40,600,000. Thus, the states from which data on out-of-state workers are lacking represent 46.9 percent of all workers with 1942 wage credits. Assuming that the labor shift in these 24 states had been in the same proportion as in those which supplied figures totalling 6,475,717, the estimated total labor shift throughout the nation would be 12,197,621.*

States for which the incomplete reports show a better than 50 percent net increase in the number of their workers—that is where the number of workers who have come in from outside is more than twice as great as the number of their workers which have been reported in covered employment in the 26 states submitting data—are, in order of the volume of in-migration: California, Connecticut, Indiana, Florida, Maryland, Virginia and Alaska.

Seven other states—New York, Kansas, Oregon, Washington, Georgia, Massachusetts and Kentucky—report in-migrants in excess of the out-migrants so far reported to have come from them. The figures, however, are too closely parallel to permit of a conclusive comparison. Were additional states to be heard from, the data might well show that some of these seven have had labor withdrawals to a greater extent than they have had labor gains.

States which clearly have served as labor-supply states, in the order of the magnitude of that supply over in-migrants, as indicated by the incomplete returns, are: New Jersey, Missouri, Texas, North Carolina, Minnesota, Iowa, Nebraska, South Dakota, Nevada, New Mexico, Alabama, Vermont and New Hampshire.

*This figure is exclusive of the 212,905 workers included in the railroad series. By adding these, the total becomes 12,400,526. The national estimate is, of course, subject to the same qualifications which were set out respecting North Carolina in and out migration. It is too high as an index of war migration insofar as it includes pre-war labor shifts. It is too low to the extent that it overlooks the migration of workers without social security account numbers.

Effect of Clearance Recruitment On Local Labor Markets In North Carolina—Six Months' Summary

BY GLADYS FIELDING, CHIEF, REPORTS AND ANALYSIS DIVISION, WAR MANPOWER COMMISSION FOR NORTH CAROLINA

Certain sections of North Carolina have been considered labor market surplus areas and have been called upon to furnish labor for other tighter areas within and outside the State. The result has been a leveling off of the surplus workers and on the whole North Carolina can no longer be considered as a labor surplus state. The effect of clearance recruitment on the local labor markets in the state is reflected in the summary of clearance activities for the first six months of 1944, which follows.

HIGHLIGHTS

1. Labor in North Carolina can be made more mobile and directed where most needed.
2. Emphasis in the last six months has been for recruitment outside North Carolina. This recruitment has been reasonably successful.
3. North Carolina population and labor force have declined.
4. Critical production problems in North Carolina's two major industries (lumbering and textiles) are due principally to manpower shortages, which, in turn are intensified by low wages and unattractive working conditions.
5. Continued competition from outside recruitment makes local recruitment more difficult and local shortages are increasing. Local workers often refuse the type of work offered locally in which there is critical demand.
6. No matter how critical North Carolina shortages become, recruitment for outside the State may be expected to continue successfully.
7. Unless other than essential workers not now available can be drawn out in large numbers to meet local demands, the continuation of recruitment at its present rate for out-of-State demands will result in failure to meet critical production problems in North Carolina because of manpower shortages.

TOTAL

During the six months' period from December 10, 1943 through June 16, 1944, a total of 28,595 North Carolina workers were referred to jobs outside their immediate local office areas through clearance. (See table 1). Of these, 12,794 (or nearly half) were known to have been placed on the jobs to which they were referred, which indicates labor is being made mobile and is being routed where WMC directs. This represents a weekly average of 1,022 clearance referrals and 457 verified placements in the State during the period. The total volume per week remained high even at the end of the period and there appears to be little relaxation of clearance efforts.

OUT-OF-STATE

More than half of the clearance activity in North Carolina has been directed to meet out-of-State needs, as reflected in the 17,126 referrals averaging 612 a week and the 6,700 placements averaging 240 a week. This compares with 11,469 total referrals within the State which resulted in 6,094 placements. From week to week the activity varied, some weeks more workers were sent out than moved within the State and other weeks more moved within the State. These latter were usually in direct ratio to recruitment efforts to meet Statewide demands, such as for North Carolina Shipbuilding Company.

A large portion of the out-of-State recruitment has been to meet Civil Service demands in the Hampton Roads area, as evidenced by the 10,388 referrals and 3,578 placements for the Norfolk Navy Yard, National Advisory Committee on Aeronautics, and Naval Operating Base alone.

The effectiveness of the recruitment for outside of North Carolina is apparent from the fact that the percentage of placements to referrals remained high (45-50%) during the period when placements continued to be in large volume. In regard to Civil Service referrals, it should be noted that there is no record of the large number of persons who are screened out by the Employment Service before the referrals are made to Civil Service. It appears that (1) there may be more careful selection and referral for outside recruitment than for State openings and (2) the outside jobs may be more attractive and getting the best qualified workers out of the State.

Unfortunately, no record has been kept or can feasibly be kept to show the number of persons placed who return to North Carolina at some later date, nor the number who seek jobs outside of North Carolina on their own without being recruited for clearance first. However, certain labor market trends can be established. Population in North Carolina steadily declined at least up until November 1943, but no later estimates are available from the Census. There is evidence that the North Carolina labor force has declined, however, substantially since November 1943. ES-270 employers (480) reported in March 1944 a one-percent decline in employment from March of the previous year (see attached summary of trends). The Bureau of Labor Statistics estimated that the total non-agricultural labor force in North Carolina in April 1944 was 702,000, which is a decline of about 50,000 since April 1943.

TABLE 1

SUMMARY OF CLEARANCE ACTIVITIES IN NORTH CAROLINA, SIX MONTHS ENDING JUNE 16, 1944.

	Number	Weekly Average
Referrals, total	28,595	1,022
Outside State	17,126	612
Statewide	11,469	410
Placements, total (verified)	12,794	457
Outside State	6,700	240
Statewide	6,094	217
Hampton Roads—Civil Service:[1]		
Referrals	10,388	371
Placements verified	3,578	128

Source: Weekly Clearance Report.

[1] IV-Va.—1,410 Norfolk Navy Yard; IV-Va.—1,610 NACA; and IV-Va.—1,629 Naval Operating Base only.

TREND IN LOCAL LABOR MARKETS

It is logical to ask what has been happening in North Carolina during the period when so much effort has been exerted to transfer workers to meet urgent demands outside the State. In summary, the two principal industries in the State, which, incidentally are not direct war industries but rather war-supporting industries, have suffered production drops due to lack of manpower which are so serious as to make the following steps necessary. First, the textile industry which is behind on production has been placed under Regulation 12 requiring a minimum workweek of 48 hours. Secondly, the logging and lumbering industry, already covered under the 48-hour order, has been placed in the critical "must" list of activities having the highest production urgency and manpower priorities in the country. April lumber production totaled 8 percent below April 1943 and total production is running far short of meeting minimum demands. To alleviate the critical supply situation, War Production Board on June 23 established overall control of lumber, effective August 1, 1944.

As an example of the tightening labor situation over the State, table 2 lists the 5 heaviest-populated labor markets in the State, records the clearance referrals and placements made from those areas and compares the local shortages at the beginning of the six months with those at the end of the six months. For example, the Greensboro-Winston Salem area referred 5,127 and placed 2,333 workers outside of the area in six months. At the beginning of the six months, there was a local shortage of 1,382 and at the end of that period the shortage was 4,550. Had the 5,127 referrals been placed locally, there may not have been a shortage which required classifying this area as Group II at the end of the six months. As a contrast to the Greensboro area, Charlotte has referred very few workers outside the area because it was felt local demands would not be met in so doing. At the end of this period, the Charlotte area maintains a fairly good balance and, except for textile production problems, approaches a Group III classifi-

TABLE 2

SUMMARY OF CLEARANCE ACTIVITIES IN FIVE LARGEST LABOR MARKET AREAS IN NORTH CAROLINA—SIX MONTHS ENDING JUNE 16, 1944.

Area and Local Office	Total Referrals	Total Placements	Current Local Shortage	
			As of Nov. 1, 43	As of May 1, 44
Asheville Area	3,224	1,383	577	2,436
Asheville	1,954	809	----------	----------
Hendersonville	700	361	----------	----------
Waynesville	570	213	----------	----------
Greensboro—Winston-Salem Area	5,127	2,333	1,382	4,550
Greensboro	1,143	480	----------	----------
High Point	1,622	668	----------	----------
Lexington	551	177	----------	----------
Winston-Salem	1,384	819	----------	----------
Thomasville	427	189	----------	----------
Charlotte Area	1,895	964	23	335
Charlotte	381	274	----------	----------
Concord	493	235	----------	----------
Gastonia	1,021	455	----------	----------
Durham—Raleigh Area	3,067	1,225	937	3,105
Durham	1,280	379	----------	----------
Henderson	398	110	----------	----------
Raleigh	1,389	736	----------	----------
Rocky Mount—Wilson Area	1,825	654	260	3,051
Rocky Mount	500	205	----------	2,841
Wilson	1,325	449	----------	210

(Source: Weekly Clearance Report)
Demand-Supply Supplements

cation. It can safely be said that the clearance activities within the other three areas have at least contributed to the intensity of local shortages in those areas.

Actually, all these areas excepting Charlotte have large numbers of employers who are other than essential—hosiery, furniture, tobacco—but this clearance recruitment has apparently disturbed these industries relatively little as evidenced by their high levels of employment. The pinch comes on the local essential industries in trying to compete so far as wages and working conditions are concerned. If outside recruitment could be controlled and the other-than-essential employees recruited, without allowing replacements, perhaps sufficient supply can be attracted to essential industries locally and the trend in North Carolina towards increasing labor shortages checked, if not reversed.

STRATEGIC MICA

Mica mines in about 20 western North Carolina counties produce about 70 percent of the mica mined in the United States. This industry has been under the 48-hour work week since last fall, and efforts of the U. S. Employment Service of the WMC have been directed toward recruiting workers for the fullest possible production.

An announcement was made in May of a critical shortage of strategic mica requirements for stock piles, and for use in radio and radar production. Forty percent of the additional workers for the mines were needed in North Carolina.

"Needs for radio and radar production will lead to a serious shortage of high-grade mica unless workers can be found. Requirements for 1944 will be higher than in 1943 and, it is feared, will be greater than the supply. The main reliance will be on imports, but domestic operations in North Carolina, New England and elsewhere in the United States must be stepped up. A few hundred additional workers would fill the single shift labor needs of the more productive mines, but the location of the mines makes recruitment difficult."

The special mica recruitment program which has been under way for a number of months in North Carolina is largely responsible for the present relatively satisfactory conditions, but operations could be expanded considerably if the labor needs were met.

Negro ministers of Wilson turned labor recruiters for a week and solved the problem of securing workers to process tobacco in the local plants that had given plenty of headaches to the Wilson U. S. Employment Service office and to the industry in the city.

The Wilson Negro Ministerial Association heard the problem involved from Mrs. Jeannette M. Grainger, manager of the Wilson USES office, organized a committee, mappe dout the Negro sections of Wilson, established areas, set up a temporary employment office in the basement of the First Baptist Church (Negro(and combed the city for workers. Preliminary radio broadcasts, news stories, and church messages, paved the way for the drive.

In the week the ministers and their committees contacted about 1,500 persons and about 700 were actually placed in tobacco processing jobs, solving the problem. Ministers contend that their task was accomplished through information and sympathetic explanation of the need in the industry furnishing a livelihood to the bulk of the people in the city, rather than through force and threat of punishment.

Mrs. Grainger, the ministers and the industry are highly pleased with the results and believe this type of approach could solve the labor shortage problems in many communties.

TALKED TO HEAD MAN; NOW OK

A janitor in one of the local USES offices had been a bit disturbed because his check had not arrived at the usual time. He discussed it with an interviewer. Said he:

"Ah was gittin' a little oneasy 'bout mah money, so I jest called the haid man in Washington on the 'phone."

Interviewer: "You called the head man in Washington? Could it have been Mr. Morganthau?"

Janitor, convincingly: "Yas'um, dat was de man."

Interviewer: "And what did Morganthau tell you?"

Janitor, philosophically: "He tole me not to worry—de money was dere—and Ah ain't worryin'."

Maximum Post-War Employment

By Silas F. Campbell

This article is presented here as a document which may stimulate thinking on the part of others. It represents a tangible blueprint of speculative possibilities; not the studied opinion of the Unemployment Compensation Commission.—Editor's Note.

Any plan for post-war employment which is not based on a well-considered long-range program will prove inadequate for the reason that, first, the maximum weight of the unemployment load may not be felt until well into the second half of the century after the immediate post-war shortages have been met and the deflationary forces have become active; and, second, a better understanding of the relationship between capital and labor, the responsibilities of each in the use of property beyond the need of individual food, clothing and shelter, is necessary—an understanding which could only come out of a carefully devised and impartially operated system for industrial development.

At least five general conditions are fundamental to maximum post-war employment, and as here used maximum employment does not mean 100 percent continuous use of all qualified workers. This would be neither practicable nor desirable. A reasonable labor reservoir is indispensable in job-to-job industries and seasonal activities throughout the country.

The five conditions to be met, which can only be generally outlined within the limitations prescribed for this study, are, in the order in which consideration should be given, as follows:

I. Federal and State Programs for Essential Public Improvement.

The most urgent need for a cushion against the shock of post-war unemployment will exist during the period required for re-tooling and machine readjustment. Added to those released from war industries will be those immediately demobilized from the military services, many of them with skills newly acquired especially for the prosecution of the war, and for which there will be little or no post-war demand. The federal departments of public works and all state departments charged with the responsibility for public construction should begin an immediate survey to determine the amount of construction work of an essential character which can be scheduled for completion during this readjustment period, a labor inventory necessary for its completion, the skills involved, and a statement of the amount, kind and availability of materials required. This work will include highway construction, streets, bridges, utilities, public buildings, flood control, and soil conservation. The schedule should be so flexible that it may be adjusted to the capacity of private industry to absorb the increasing labor force.

Since one of the most desirable of the post-war objectives is to overcome any tendency toward discrimination against minority groups the closest cooperation should be maintained between the agencies of this group and those suggested under group number V.

II. Vocational Training for Unskilled Labor.

Regardless of the desire and ability of industrialists to employ labor, modern research and inventions have continually raised the skill levels at which labor may be profitably used in industry. The emphasis placed on laboratory and research work during the war may be expected further to increase the ratio of skilled to unskilled labor required for post-war industrial production. Spot surveys by the United States Employment Service during the depression period indicated that as many as 85 percent of all work applicants were unskilled and as high as 92 percent without a high school education. Such workers may be unprofitable to post-war industry and may find no place in it without some vocational qualification. Such training should be directed toward raising the general skill level of the individual rather than specialized training in some single occupation, the demand for which cannot be foreseen. Agencies for planning and directing such training should consist of representatives of the educational system of each state, a representative of each industrial group, with possibly a representative of the Federal Government acting as coordinator or liason officer.

The chief objective of such an agency should be to give to the prospective worker a sound viewpoint concerning his rights, duties, and responsibilities in the industrial life of his state. The attitude of the average worker at lower skill levels as exemplified during the depression years must be changed before maximum employment can be made either possible or profitable. The clamor for higher education for all has left the impression among many that there is some magic in a little knowledge which will forever eliminate menial labor, a magic that, ipso facto, will change a maid into a matron, a mesenger boy into a mayor, or an axe grinder into an administrator. Ambition must learn that progress is the improvement of small opportunities, that highest success comes from doing best that which must first be done. Too many, through the patronage of a solicitous government, have come to expect something for nothing, and have taken the attitude that the world owes them a living without regard to personal effort. The initiative must be restored to the individual. This can best be done through the type of vocational guidance here suggested in which it will be found that in many cases the result develops, not job seekers, but job makers.

III. Removal of Trade Barriers and World Standardization of the Monetary System.

New methods of manufacture, development of entirely new materials and processes will greatly multiply the opportunities for industrial expansion, but

because of American ability to produce beyond its own needs in certain areas everything possible must be done to promote a freer exchange with other nations. The erection of tariff walls to protect American labor will serve poorly if a third of its labor force remains unemployed. There is little doubt that the balance of trade will be in favor of America far into the second half of the century. It is, therefore, desirable to establish reciprocal trade agreements that will reduce as far as practicable barriers to the exchange of the products of our industrial plants.

If war history teaches anything it is that national subservience, either in the financial, industrial, or social economy, is fatal to the permanent peace and prosperity of both bond and free; fatal to the security and happiness of the sovereign as well as the servitor. To induce the world to serve our needs, therefore, we must undertake to serve it on an equal basis. To give effect to our idealistic promise of a better world we must fix a standard for trade relations that will make it possible for the submerged portion to raise its standard of living.

No plan for full employment will be complete which fails to give serious consideration to a world standardization of the monetary system, for our unemployment problem also has roots in the shores of other countries and has been more seriously affected by power politics in the manipulation of our heterogeneous monetary systems than is generally realized. International cooperation designed to stabilize internal monetary systems and external exchange ratios is essential to any plan for world peace.

IV. Federal-State Encouragement and Aid in Fostering the Promotion of Cooperative Industrial Production.

There is the belief in some quarters that private industry, if left alone or at least unhampered by restrictive laws, will supply the necessary post-war expansion to absorb the surplus labor force. Apparently, this does not take into account the tremendous expense which will be required for retooling, and in many cases, for complete machine replacements, nor does it give consideration to the fact that industrial expansion will be necessary and financially attractive in areas without a previous industrial background, whereas the tendency of private capital is to follow the charted channels.

It has been estimated that it requires at least $6,000 of invested capital, representing bricks, mortar, machinery and tools, to give one man a job. It is also estimated that the post-war period will require at least one-third more post-war than pre-war jobs. This gives some idea of the burden which private industry would have to assume in order to absorb the additional load. It has been suggested that the provisions of the National Securities Exchange Act be liberalized so as to facilitate the capitalization of industries of an unproved or hazardous character.

All possible encouragement should be given private capital for legitimate promotion of industry. However, a further liberalization of the present Securities Exchange Act invites exploitation, the possible results of which may be seen in the collapse of 1929. Beyond the encouragement which can be given private industry, post-war opportunities and emergencies will call for what may be considered a revolutionary modification of the application of grants in aid. It will be necessary to supplement in some manner the efforts of private capital to provide jobs and this can best be done by arranging for temporarily financing the expansion of industry where research has shown that such expansion is necessary and would be profitable. An agency is needed through which clearance may be obtained for temporarily financing soundly engineered industrial projects which cannot be financed by private capital.

Nearly every state has its department looking to the establishment and development of new industries. In most states these departments have a staff of competent engineers familiar with the industrial background, natural resources, and manufacturing possibilities of the area. A special division of the Reconstruction Finance Corporation should be designated to work in cooperation with such state agencies in determining: (1) the industrial opportunities locally existent, (2) the ability of private capital to meet the need, (3) the character and possible market of the manufactured product, (4) the number of employees and skill levels required for plant operation. Engineering ability should be provided by the state or local areas and the desirability of the project should be determined at the state level by a representative of its industrial department or planning board, a representative of its labor force, a representative of the National Manufacturers Association, and a representative of the general public.

The financial needs of the enterprise having been determined, the plan for organization would be submitted to the proper division of the Reconstruction Finance Corporation, and the amount to be made available for grants to the various states would be based upon: (a) the size of the labor force, (b) the ratio of the number of unemployed to the labor force, and (c) the availability of capital from private sources. The plan of organization should provide: (1) that all persons employed at such plant should be issued non-transferable certificates of participation depending in amount upon their weekly wages, (2) that periodic deductions be made from wages until such certificates become fully paid, (3) that upon termination of service, certificates be redeemed at book value, (4) that all profits from operation in excess of necessary reserves be set aside for amortization of the capital indebtedness, (5) that the Reconstruction Finance Corporation advance not to exceed 50 percent of the cost of fixed assets and working capital required for the first year's operations, (6) that the state advance not to exceed 50 percent of the cost of fixed assets and working capital required for the first year's operations, (7) that the additional working capital required until the plant became self-sustaining should be provided by the state, (8) that the operations of the plant would be managed by a board of directors represented by the

employees, the state, and the Federal Government, (9) that the state and federal government would make available to such plants research and laboratory facilities necessary to insure a progressively high standard of performance, (10) that upon the liquidation of indebtedness due the state and federal governments the ownership and management of the plant would revert entirely to its employees under a board of directors of their own choosing.

It is none too early to face the fact that, beyond the personal need of food, clothing, and shelter, the right to the use of property should not be altogether exclusive. Many people believe that society in general has an obligation to make available to the individual the use of such property as may be needed to insure to the individual an adequate standard of living in return for honest effort.

This method of encouragement and cooperation on the part of the government would stimulate many new and needful industries for which it will not be possible to provide private capital. By proper selection and location it will increase employment where it is most needed and restore to the individual a sense of his importance to the business life of his community. In the selection and development of such enterprises it will be possible to utilize many plants which have been constructed exclusively for war production, thus keeping at a minimum the outlay for plant and equipment.

V. National Organization at the State Level for Utilization of Minority Groups.

This problem, which occurs largely as a result of racial differences, will vary from state to state, and its solution should be the responsibility of the state for the reason that it is a matter of personal attitude and environment, which cannot be changed by edict, but calls for patience and an educational program beginning at the bottom rather than at the top of the industrial structure. For instance the non-white working force of the nation, numbering 5,620,110 according to the 1940 Census, and representing 10.6 percent of the total national labor force, is generally considered the chief source of trouble. More than four million, or 73 percent of this group, are native to the south and west, where the problem is less serious than in other areas of the country to which non-white workers have subsequently migrated.

Spot checks of the records of the United States Employment Service indicate that the placement ratio for areas in which non-whites are native is much higher than the ratio for white workers. As their desire for improved environment increases and as their educational and skill level, which is lower than for the white worker, is raised their opportunities for employment will be broadened. These results might be obtained through an organization at the state level composed of representatives of each racial group to plan for: (1) the improvement of their environment, (2) the increase of their versatility and skill, (3) the recognition that equal work deserves equal pay. Prejudices which act against workers in minority groups exist largely among the workers themselves and are of a personal character, rather than among the employers. Consequently, the remedy lies in a long-range program of education for the improvement of environment, personal characteristics and attitudes rather than in a directive imposed on industry.

THE SERVICES OF WAR PRISONERS

Prisoners of war are a limited labor supply, the use of which is controlled by the War Department. Undoubtedly, in many areas the demand for the services of prisoners will exceed the supply immediately available in a particular camp for prisoners or the supply that can be made available. It is important in the allocation of prisoners for employment in particular types of activities, including agriculture, that they be made available to activities in the order of their production urgency.

The responsibility of WMC for determining priorities in the allocation of available prisoners for employment within the area of any one camp is continuous, in that the determinations should be revised as conditions in the area change.

For example, at the time that prisoners are first available for employment in the area of a camp they are all needed in the harvesting of food crops, and priority is given to such employment. After the crops are harvested, the prisoners could still be used to advantage in agricultural employment, but a critical labor shortage then exists in a food processing establishment in the area. WMC should then determine whether or not the employment of the prisoners in the processing plant should have priority over their continued employment in agriculture. If the determination is in favor of food processing, the appropriate officer in the Army Service Command should be advised accordingly; and on the basis of the certification for the use of the prisoners in food processing, he should be requested to transfer the prisoners to the food processing establishment.

Contracts for the employment of prisoners contain a 10-day cancellation provision. In situations where the transfer is for temporary employment with subsequent return of the prisoners to the employment in which they were previously engaged, a contract may be suspended rather than cancelled. Since ten days' notice for the transfer of prisoners is required, necessary changes in priorities should be anticipated to the extent possible.

Once a priority determination, which has the effect of making prisoners of war available for agricultural employment, has been made by the War Manpower Commission, it is the function of the Extension Service and not the War Manpower Commission to allocate the number of prisoners thus made available between individual agricultural employers who have applied for the services of prisoners of war.

Cigarettes—a "must" in military emergency kits!

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Biennial Report, 1936-1938.

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Annual Report, 1937. (Mimeographed.) Out of print.

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Annual Report, 1939. (Mimeographed.)

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Unemployment Compensation Law as amended (1943).

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North Carolina Employment Security Information, Volume I, Numbers 1-12, 1941. (Discontinued.)

U. C. C. Quarterly, Volume 1, Nos. 1-4 (1942-3)
Volume 2, Nos. 1-2 (1944)

Rules and Regulations, 1943.

CIRCULARS AND FOLDERS:

Benefit Payments for Partial Unemployment.

Employer Experience Rating in North Carolina.

Information for Workers about Unemployment Compensation.

Social Security in North Carolina (Annually prepared schedule of various services and payments).

Compilation of Social Security Laws in North Carolina (mimeograped). Out of print.

Employment Security Figures for North Carolina by Counties, January, 1937 through June, 1941 (mimeographed).

Funds Distributed in North Carolina by Counties through Eight of the Ten Divisions Under the Social Security Act (mimeographed).

POSTERS:

Employer's Certificate of Coverage and Notice to Workers.

Notice to Workers—Partial Benefits.

Are You Protected?

STATISTICAL REPORTS:

(Current series, mimeographed.)

Business Activity in North Carolina as Reflected by Movements in Selected Indicators—Current Trends (monthly).

Unemployment Compensation Trends (monthly). This report began with June 1943, and succeeds three of the former monthly series reports:

(1) Summary of Claims Activity

(2) Summary of Local Office Operations

(3) Number and Amount of Benefit Payments, by Office (monthly).

Weekly Summary of Initial and Continued Claims Taken and Benefit Checks Distributed by Area and Office.

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The U. C. C. Quarterly

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UNEMPLOYMENT COMPENSATION COMMISSION OF NORTH CAROLINA

Commissioners: Judge C. E. Cowan, Morganton; C. A. Fink, Spencer; R. Dave Hall, Belmont; R. Grady Rankin, Charlotte; Dr. Harry D. Wolf, Chapel Hill.

State Advisory Council: Capus Waynick, High Point, Chairman; Willard Dowell, Raleigh; Marion W. Heiss, Greensboro; H. L. Kiser, Charlotte; Dr. Thurman D. Kitchin, Wake Forest; Robert F. Phillips, Asheville; Mrs. R. J. Reynolds,, Winston-Salem; Mrs. Emil Rosenthal, Goldsboro; W. Cedric Stallings, Charlotte.

A. L. FLETCHER . . . . . *Chairman*
WILLIAM R. CURTIS . . . . . *Director*
MRS. FRANCES T. HILL . . . . . *Editor*

Regular Contributions in each issue from the

UNITED STATES EMPLOYMENT SERVICE FOR NORTH CAROLINA

Agency of the War Manpower Commission

Cover illustrations represent typical North Carolina industries under the unemployment compensation program.

Cover for Winter 1945—Logging Operations. Illustration from the N. C. Department of Conservation and Development. Logging and sawmilling comprise one of the most important basic industries in North Carolina. As an industry feature, this issue of the Quarterly presents a forward-looking article on timber resources and cutting practices by C. F. Korstian, Dean of the Duke University School of Forestry and President of the North Carolina Forestry Association.

Sent free and upon request to responsible individuals, agencies, organizations and libraries. Address: U. C. C. Informational Service, Raleigh, N. C.

CONTENTS

	Page
Mrs. Bost Becomes Commissioner	2
Unemployment Compensation—1944 Review, By A. L. Fletcher	4
U. C. Legislative Recommendations	
Recent Plant Awards	8
Merit System Administration and Operation, By Frank T. DeVyver	10
Cigarette Paper Plant Made Industry Indpendent, By Bill Sharpe	13
Timber Cropping Destined to Replace Mining of North Carolina's Forests, By C. F. Korstian	14
Workmen's Compensation in North Carolina, By T. A. Wilson	17
Post War Unemployment, By Silas Campbell	22
U. C. C. Operations	26
1945 Tax Savings to Employers of Four and One-half Million Dollars	
Compensable and Non-compensable Claims	
U.C.C. Cuts Out Red-tape Reporting for Employers	
Over 3,000,000 Separate Forms to be Eliminated	
The Course of Unemployment	
Research and Statistics Bulletins	
Manpower Priorities Referral Plan in Operation in State	29

MRS. W. T. BOST BECOMES U. C. COMMISSIONER

Mrs. W. T. Bost of Raleigh is our most recently appointed member of the Unemployment Compensation Commission of North Carolina. She was chosen by Governor Broughton to fill the vacancy created by the resignation of Mrs. Frank L. Fuller of Durham, and took the oath of office at the Commission's early fall meeting.

Mrs. Bost is well known throughout the state in her former capacity of Commissioner of Public Welfare—a post which she held for 14 years. During this period, she became identified with the movement to establish a system of unemployment insurance in North Carolina, serving in 1934 as a member of the legislative commission which undertook an intensive study, prepared a report, and drafted a bill looking to an unemployment compensation law for this state. Thus the newest U. C. C. commissioner had a hand in framing the program which, with some modification, was eventually enacted into law and forms the basis of the present administration.

Among Mrs. Bost's other distinctions is that of being a charter member of the American Public Welfare Association, as well as a member of its board of directors. She was one of the few women heading state welfare administration in the nation. For years she has been a member of both the State Conference for Social Service and the National Conference of Social Work, serving in 1937-1938 as president of the state organization. From 1934 on she served as chairman of the Eugenics Board of North Carolina, and has been a member of the State Commission for the Blind, the State Board of Correction and of Training, the State Recreation Committee, and the State Council of Defense.

The Women's College of the University of North Carolina, where Mrs. Bost was graduated in 1903, awarded her an honorary Doctor of Laws degree in 1942. In 1941-1942, Mrs. Bost served as vice-chairman of the National Council of State Public Assistance and Welfare Administrators. She is a past president of the Raleigh Woman's Club and served for three years before her appointment as welfare commissioner as executive secretary of the State Federation of Women's Clubs.

The picture which was taken at the time of administering the oath of office to Mrs. Bost in the

EDITOR'S NOTE

This issue of the Quarterly is the first number of Volume 3. In consideration of paper shortages and printing loads the fourth number of Volume 2 has been omitted. An index to Volumes 1 and 2 is in preparation and will appear as a supplement to the next issue.

Photo by Lewis P. Watson.

Governor's office in the Capitol includes, from left to right:

J. Melville Broughton, former Governor of North Carolina, 1940-1944.

William R. Curtis, Director of the U. C. Division and Secretary of the Commission. Mr. Curtis has been with the U. C. C. since its first year of operation. He organized and directed the Bureau of Research and Statistics until he was named U. C. Division Director in August of 1941. He holds the degrees of A. B. and M. A. from the University of North Carolina and a Ph. D. in economics from the University of Illinois. Acting Commission Chairman, May-December 1942 and May 1943 to June 1944.

E. B. Denny, Associate Justice of the Supreme Court of North Carolina.

Charles A. Fink of Spencer, Commissioner. Mr. Fink has been President of the State Federation of Labor since August 1937, former President of the Salisbury-Spencer Central Labor Union, and member of the Commission's State Advisory Council for two years before his appointment as Commissioner.

Judge C. E. Cowan of Morganton, Commissioner. Judge Cowan is a lawyer and former Judge of the Burke County Court. He is active in Bar Association circles in the state, and has been attorney from its organization of the Burke-McDowell Electric Membership Corporation. Judge Cowan took both his undergraduate and law degrees at the University of North Carolina.

Ralph M. Moody, Chief Counsel for the Commission at the time this picture was taken before his resignation to accept the post of Assistant Attorney General.

Col. A. L. Fletcher, Commission Chairman, appointed in July 1941 when he was called here after serving at Selective Service Headquarters in Washington. Col. Fletcher was formerly Assistant Administrator of the Wage & Hour Division of the United States Department of Labor; he served as State Commissioner of Labor for seven years. Absent on leave for military duty in Washington from May 1942 to July 1944.

Mrs. W. T. Bost, Commissioner.

R. Dave Hall of Belmont, Commissioner. Mr. Hall is President of the Southern Combed Yarn Spinners

Association; Secretary and Assistant Treasurer of the Stowe Thread Company; Sales Manager of the Climax Spinning Company, the Sterling Spinning Company, and the Majestic Manufacturing Company. He is a graduate of Davidson College and past Department Commander of the American Legion in North Carolina.

R. Grady Rankin of Charlotte and Gastonia, Commissioner. Mr. Rankin is an official of the Duke Power Company. He was formerly President of Ridge Mills, Inc., Secretary and Treasurer of Hanover Mills, Inc., Member of the Board of Gaston County Commissioners, and State Senator from Gaston County. He is also serving on the War Manpower Commission's State Management Labor Committee.

Dr. Harry D. Wolf of Chapel Hill, Commissioner. Mr. Wolf is Professor of Economics at the University of North Carolina. He was Executive Secretary of the North Carolina Commission on Unemployment, 1934-1935, provided by the General Assembly to make a special report; W. P. A. regional advisor on labor relations, 1936; and a member of the industry committee under the Fair Labor Standards Act. He is editor of the Southern Economic Journal and author of *The Railroad Labor Board* and various articles on labor conditions. He received his graduate degrees from the University of Chicago.

Unemployment Compensation—1944 Review

By A. L. Fletcher, Chairman Unemployment Compensation Commission of North Carolina

During this past year of 1944, in the midst of which I returned from active military service to reassume my duties as Chairman of the Unemployment Compensation Commission, a number of developments have taken place of utmost importance to our employment security program.

Intense war production on the part of industry has continued. Although employment has slackened and shifted slightly in some quarters, on the whole we have seen increased business and increased payrolls throughout the state, as in 1943, with a corresponding decrease in unemployment. The levels of each have reached a maximum and a minimum never before recorded in North Carolina.

The Commission has had a constantly dwindling claim load on the one hand, and a constantly growing number of worker wage accounts and a growing reserve fund balance on the other. It is expected that these trends will continue into 1945, or until the first big cutbacks are made. During the last few months our load of claims from unemployed workers has been close to the vanishing point. We have been paying checks each week to less than 500 workers on the average. The number of insured workers currently employed is around 585,000. The number of established wage credits against which benefit payments might be charged is close to a million; while the funds available for unemployment benefit payments is now over $90,000,000.

Except for the decrease in the claim load, the Commission's assigned responsibilities have increased. Yet it has been carrying on operations with a greatly reduced personnel force and an administrative budget periodically cut and restricted by the Social Security Board which allots federal funds for this purpose.

SPECIAL MENTION

There are some aspects of our activities which I believe deserve special mention. While Mr. Ralph Moody was still with us as Chief Counsel, a number of cases came up for decision by the Commission in which claimants protested our having denied them benefit payments because their unemployment stemmed from a labor dispute in which they were involved. In all these cases, the Commission sustained the earlier determinations, finding after a thorough review that although the claimants had not themselves participated in the labor disputes, they belonged to a grade or class of workers who had so participated.

Through North Carolina's adoption of the interstate plans for the reciprocal coverage of employers and for combining the wage credits of workers, a more equitable system of interstate collections from employers and of benefit payments to workers has been made possible.

Under our plan of employer experience rating, during the past year 3,536 employers have been making tax payments to the Commission at reduced rates. Many more will be entitled to tax reductions on their 1945 payrolls. Most employer reserve accounts are in a fairly strong position now, with relatively few charges against them for unemployment over the past three years. Our computation for 1945 tax rates which has just been completed indicates that some 5,022 employers will now be enabled to save substantial portions of their unemployment tax.

Furthermore, our employers in 1945 will have a greatly lightened responsibility as to wage reporting, because during the last few months, the Commission has been able to obtain new equipment and set in operation machines which make it possible for us to process individual wage reports submitted on a list form. Thus, employer reports to the Commission for 1945 can be merely a carbon copy of the list report required by the Federal Government, eliminating the necessity of filing with us separate wage slip reports for each individual worker. Accordingly, more than three million separate clerical operations annually, will be spared employers in the future.

LOOKING AHEAD

As an unemployment compensation agency, the war activities of the Commission have been largely

a hold-the-fort program, standing ready to serve a future need, accumulating reserves and preparing for their use as a cushion for post-war economic readjustments. With the skeleton force the Commission has retained, training programs have been instituted designed to prepare this nucleus of personnel as a corps around which an expanded staff must be built to handle additional claim loads.

The present system of unemployment compensation grew out of the urgent need for a program of this kind which was demonstrated during the catastrophic years of this country's so-called "big depression." In facing post-war problems, there is now a well-organized program of unemployment insurance, with large reserves at its command, which was wholly lacking before. It is recognized that the adequacy of this program probably faces a major test in the months and years that lie ahead.

On the question of adequacy, the Commission has made several studies on various aspects of its program: fund solvency under likely postwar situations, operation of the benefit formula and the ratio of exhaustions to maximum duration, the adequacy of present coverage provisions, and the inadequacy of certain restrictive requirements, etc. The results of these studies are contained in bulletins prepared by our Bureau of Research and Statistics under the direction of Silas F. Campbell, and comprise much of the substantive material on which the Commission bases its recommendations for revisions of the law.

ADDITIONAL RESPONSIBILITIES

In addition to claims from workers already covered by the unemployment compensation law, the Commission, because of its experience and facilities, was designated by the Veterans Administration to handle in this state the readjustment allowance provisions of the "G. I. Bill." Claims from veterans for readjustment allowances became payable for the week beginning September 4th, 1944. These are taken, processed and paid by our Commission, with reimbursement from the Veterans Administration.

Eligibility requirements for veterans closely parallel those of the state law, but they are given a uniform $20 weekly payment and a maximum duration of 52 weeks—the actual duration being determined by the length of the veterans' active military service. The potential number of claimants would include all North Carolina men and women in service, which has been estimated at around 325,000.

Since September, the number of claims received from veterans has steadily increased, until during December we have been writing more checks for unemployed veterans than we have for unemployed workers. The amounts paid to veterans are, of course, much larger than those paid to workers under our present state law where benefits are determined by the amount of previous earnings with a $15 a week maximum. The total amount paid in readjustment allowances to veterans in this state in 1944 came to $108,371.00.

Additional federal legislation has been proposed which might also bring within the jurisdiction of the Commission the payment, on a reimbursable basis, of unemployment benefits for federal employees who have been working in this state. Also, a revision of the Federal Unemployment Tax Act has been advocated to remove the present exclusion of maritime workers and to extend the payroll tax, which now applies only to employers of eight or more workers, to employers of one or more. These changes would bring additional administrative work to our state agency. The experience of other states where unemployment compensation laws now cover employers of one or more indicates that the Commission, if coverage were thus extended in North Carolina by either federal or state action, would be handling wage accounts for 15 percent more workers, and contribution accounts for more than three times as many employers.

RE-EMPLOYMENT PROGRAM

In view of these developments and prospects of handling benefit claims for larger numbers of persons who may become unemployed, it becomes increasingly urgent that the Commission regain control of the Employment Service which has been on loan to the Federal Government since the beginning of 1942. Both veteran and worker claims are filed through local employment offices where the applicants must be registered for work. If the speedy re-employment of benefit recipients is accepted as a prime consideration of the unemployment compensation program, then the Commission must have an employment service under its direction.

INTERSTATE ORGANIZATION

Our Commission is a member organization of the Interstate Conference of Employment Security Agencies which studies problems affecting the states as a whole. North Carolina has participated in the meetings and the work of this Conference, chiefly through the representation of William R. Curtis, our director and acting chairman during my absence. Mr. Curtis was elected a Conference Vice President for Region IV which includes Maryland, Virginia, West Virginia, the District of Columbia and North Carolina. The primary objective of the Interstate Conference has been to improve the administration of the employment security program, and at the same time, preserve and advance our state systems.

When unemployment compensation came up for discussion last spring and summer by the national Congress, state administrators presented testimony before the Senate and House committees. Representatives of the Interstate Conference demonstrated that the adequacy of state funds to meet present liabilities was pretty well assured with reserves of nearly 5½ billions of dollars at that time. For example, North Carolina's state fund on June 30th stood at $81,097,140.29. The funds are regularly increased each quarter by additional employer contributions. Added to these is United States Treasury interest, amounting in our own state to approximately $360,000 each quarter. The states could with their 1944 reserves, pay their highest average benefits to over 18,000,000 workers for their

maximum duration. The North Carolina fund could pay 91 percent of the covered workers currently employed a weekly benefit amount of $11.00 for 16 weeks.

As to benefits, the average amounts paid increase in proportion as wages earned have increased, up to the allowable maximum. It may be expected that, even with present benefit schedules, average payments in the postwar period will be substantially higher than those paid in the past, because they will be based on war-time earnings. In June, the average weekly benefit amount for the country as a whole had risen to $15, and in 1945 it will probably be higher under present laws. The states started out with a $15 a week maximum payment; but many have raised that maximum on their own initiative. In a number of states the maximum is now $20; one has $22.

Under state laws, the maximum duration of benefits varies from 14 to 24 weeks. The longer periods represent the progress the individual states have made over durations specified in their original laws. Moreover, many states have substituted a flat duration for variable durations. North Carolina took the lead in this respect, and now 17 other states have adopted flat durations.

As to workers in small business—that is for employers of fewer than eight workers—the postwar layoff problem is a small one, but their protection is being further considered. Twenty-seven states have already amended their laws to cover employers of fewer than eight workers; thirteen go all the way and cover employers of one or more.

INSURANCE FOR SICKNESS UNEMPLOYMENT

Recognition has also been given by the Conference to the serious gap which exists in the employment security program in the general lack of any form of insurance for workers against the risk of unemployment and loss of pay at such times as they are too sick to work. A worker who suffers industrial accident or injury may recover wage loss under workmen's compensation acts. An insured worker who loses his job may apply for unemployment compensation—but only if he is well, able to work, and seeking work.

The worker who is temporarily unable to work and earn his living needs some cash income for himself and his family during such periods of enforced idleness just as much if not more than does the worker who is without a job for economic reasons. The risk of wage income loss that workers face through sickness is equally insurable with unemployment. One state, Rhode Island, has had such an affiliated insurance program, financed by the workers themselves, in operation for nearly two years. Many other states have considered and are reconsidering similar legislation.

NATIONAL DIRECTION

The alternate proposals for federal legislation with regard to unemployment compensation which have been made in recent months appear to spring from differing social philosophies: (1) that government should provide for the people, and that provisions should be bounteous and uniform without regard to varying circumstances; (2) that the people have a responsibility to take care of themselves, with a minimum of governmental direction and guidance; and that localized as much as possible. We believe that unemployment compensation is best conceived as an insurance program of local groups by local groups—a system that is consistent with the American idea of individual and local community responsibility, as opposed to a nationalized program contemplating hand-outs and controls that, carried to logical extremes, could impoverish the country, both economically and morally.

In thus far refusing to enact measures for nationalized, or nationally extended unemployment compensation, Congress has left in the hands of state governments that responsibility for strengthening their own employment security programs, which state governors and administrators have claimed and asked permission to discharge. These have been strongly urged, however, to broaden their programs, especially where these are close to minimum standards, as in North Carolina.

RECOMMENDATIONS FOR NORTH CAROLINA

At regular sessions throughout the year, our Commissioners have studied many technical reports and have considered methods by which the unemployment compensation program in this state could be broadened and its services extended. The U. C. Commissioners include Mrs. W. T. Bost, recently appointed, Judge C. E. Cowan of Morganton, Charles A. Fink of Spencer, R. Dave Hall of Belmont, R. Grady Rankin of Charlotte, Prof. Harry D. Wolf of Chapel Hill, and myself as Chairman. At our November meeting we unanimously agreed on our recommendations for legislative revisions in the North Carolina law.

U. C. C. LEGISLATIVE RECOMMENDATIONS

The chief recommendations for revisions in the present unemployment compensation law which the Commission believes should be made by the General Assembly were agreed upon and approved unanimously by the several Commissioners at their regular bi-monthly meetings held in Raleigh. Meeting with the Chairman, Col. Fletcher, were Commissioners Mrs. W. T. Bost, Charles A. Fink, R. Dave Hall, R. Grady Rankin, and Prof. Harry D. Wolf, and W. R. Curtis, Secretary.

The Commission's recommendations and the reasons for their adoption are as follows:

(1) **Veterans.** With regard to paying benefits from the state unemployment fund to veterans, technicalities in the law which now operate to exclude many veterans from receiving compensation should they become unemployed or continue without work after exhausting their rights to federal read-

justment allowances under the "G. I. Bill" ought to be modified. The Commission considers that all veterans should be enabled to share equally in the insurance protection afforded by the state unemployment compensation program. The thought was expressed in the meeting that regardless of provisions made by the Federal Government for unemployed veterans, the state also has an obligation of its own to those whose employment was interrupted by service—to make the benefit rights established by them before going to war available to them on their return, should occasion arise, after using up G. I. allowances.

(2) **Coverage.** The Commission agrees that protection of unemployment compensation coverage should be extended to workers now excluded because their employers do not have as many as eight workers. That means that the law should include employers of one or more workers, as well as those of eight or more as at present, so as to afford unemployment insurance to employees of small businesses. This proposal of the Commission is in line with recommendations of such organizations as the Council of State Governments, the National Planning Association, the Interstate Conference of Employment Security Agencies, and the United States Chamber of Commerce, as well as both Senate and House Committees of the National Congress which have urged that the states act on this coverage matter.

Besides giving unemployment protection to an estimated additional 80,000 workers, such a revision of the N. C. law respecting coverage would remove the tax inequity now existing between a business operated with eight and one with seven employees. It would relieve the Commission of many employer liability problems. And it should not unduly burden small business with extra reports, since the Commission is instituting a system of list reporting with 1945 whereby employers need send to the state agency only a carbon copy of the social security report they are required to make to the Federal Government for old age and survivors' insurance.

North Carolina is now one of a minority among the states in still retaining the minimum unemployment compensation coverage of employers of eight or more workers. The Commission studied the experience of other states which have the full coverage of one or more and which shows that: (a) administrative difficulties are overshadowed by administrative advantages; (b) on the whole, contributions from employers of fewer than eight more than meet the benefit liability of their workers; (c) a higher proportion of small employers are likely to become eligible for reduced tax rates under employer experience rating plans; (d) no evidence appears of any unwholesome economic effect on small firms because of the unemployment tax. Rather, it has proven to be especially beneficial to them in removing any charge of discrimination among employers, in enabling small employers to obtain a better class of workers, and, as unemployment compensation operates to maintain consumer purchasing power, it has a greater practical value to the smaller employers.

(3) **Benefits.** The Commission proposes the substitution of a new benefit formula for the one now in the law under which North Carolina's unemployment benefit payments have averaged the lowest of any state in the country. This new formula is designed to bring payments in this state more nearly in line with those being paid to unemployed workers elsewhere, particularly in view of higher living costs. It is based on a detailed study made by the Commission and was constructed with regard to several factors. Among these was the desire to produce an average weekly payment for total unemployment bearing approximately the same relationship to such national average weekly payments as the North Carolina wage level bears to the national wage level; the intention to retain $130 as minimum qualifying wages and weight the schedule in proportion to earnings in favor of the lower-paid workers who, it is assumed, are more irregularly employed; and the purpose of safeguarding the solvency of the fund.

North Carolina's present maximum weekly payment allowable is $15 for a maximum duration of 16 weeks. In other states which have already liberalized their benefit formulas, maximum weekly payments range up to $22, and 29 states have maximums in excess of North Carolina's $15. Readjustment allowances for veterans under the G. I. Bill are a uniform weekly payment of $20. Under the Workmen's Compensation Act in this state, the maximum weekly payment is $21.00.

The Commission believes that the present rate of North Carolina's unemployment compensation benefits is too little and continues for too short a time to provide workers adequate insurance protection against wage loss due to unemployment. Likewise, if the fund is to serve the State as a check against a deflationary drop in purchasing power, it must be utilized more fully.

The Commission's study of alternate benefit formulas shows that, even with severe and widespread post-war unemployment in North Carolina, the unemployment compensation fund could finance benefits at the proposed new rates and still have a fairly adequate balance to meet all potential liabilities. The proposed new benefit formula carries a minimum weekly payment of $4.00, a maximum weekly payment of $20.00, and allows for a maximum duration of 20 weeks.

Under this new plan, about half of North Carolina payments will be between $10 and $15; whereas in the past over 80 per cent of all weekly benefits paid have been less than $10 in amount.

(4) **Disqualifications.** The Commission also recommends that the clause in the present law disqualifies an unemployed worker from receiving benefits if that worker voluntarily quit a previous job without good cause "attributable to the employer" be amended by striking out the last phrase. This restrictive provision in some state laws has resulted

in severe criticism of state systems of unemployment compensation as being virtually a denial of the purpose of the program.

The Commission feels strongly that as an administrative agency it should have discretion in determining good cause with respect to voluntary quits and not be barred from paying benefits to otherwise deserving claimants—such as a worker who cannot find a new job after having had to leave the last one to nurse a sick child, or care for a relative who was dangerously ill at the time.

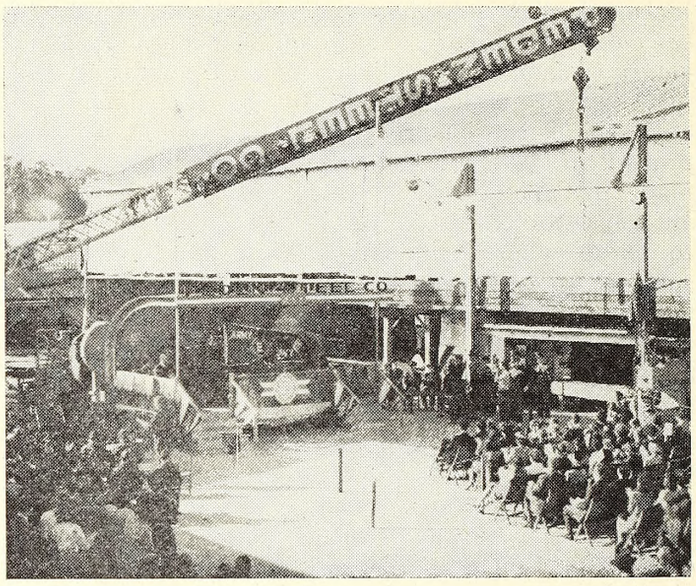
In many cases the Commission has to inflict a penalty on unemployed workers, by denying them benefits, where it is found that they had good cause for leaving their last employment, although it was in no way "attributable to the employer."

(5) **Sickness Compensation.** The Commission further agreed to again recommend that the General Assembly undertake a study looking to the establishment in this state of an insurance program designed to compensate workers for wage loss during periods of unemployment when they are physically unable to work.

The present unemployment compensation program issues payments based on past earnings in covered employment to a worker, by way of stand-by income, if he is out of work because there is no work for him. But the worker who has to be out of work temporarily because of illness or other disability is barred from receiving unemployment benefits. This is recognized by the Commission as a serious gap in its insurance system.

In another state, a plan providing workers with cash compensation for unemployment due to sickness is already in operation by its unemployment compensation board; while many other states, and the Federal Government as well, have considered and are considering similar plans. These generally contemplate a separate cash sickness compensation fund built up from taxes withheld from workers' wages by their employers, to be administered by the unemployment compensation agency which already has the records, machinery and other facilities required. Benefit payments to covered workers when they are unemployed because of sickness or disability then parallel unemployment compensation practice.

The Unemployment Compensation Commission of North Carolina believes that consideration by the General Assembly of a plan to indemnify workers for wage-loss incurred through illness is more than timely, in view of the attention it is receiving throughout the country, and especially in view of the recent recommendation of our State Hospital and Medical Care Commission for more insurance. It is impossible for the poorer half of the population to pay the cost of sickness without insurance. The cash sickness compensation program for unemployed workers carries the approval of welfare groups in the state, and has the support of the State Federation of Labor.



RECENT PLANT AWARDS

The most recent awards of the coveted Army-Navy "E" to plants in this state have been bestowed upon two steel companies. The first of these to receive the flag of merit was the Peden Steel Company at ceremonies held in Raleigh on October 25, 1944. The Dave Steel Company, Inc. of Asheville received the award early in December. The addition of these two plants to North Carolina's honor roll of firms which have won war production awards, brings the total to an even two dozen.

In 1906 the Navy instituted in the Fleet an award for excellence which has been known ever since as the Navy "E". First awarded for excellence in gunnery, this was later extended to include outstanding performance in engineering and communications. An honor not easily won nor lightly bestowed, it became and has remained a matter of deep pride to the men of the Service who receive it.

When the rising tide of war in Europe placed a premium on the production of war equipment, the Navy "E" award was extended to embrace those plants and organizations which showed excellence in producing ships, weapons, and equipment for the Navy. Then came Pearl Harbor—and with it a demand for war production such as the world has never known, an awareness that our fighting forces and the men and women of American industry are partners in the great struggle for human freedom, and on the part of all Americans a grim and enduring resolve to work and fight together until victory in that struggle is final and complete.

From that high resolve was born the Army-Navy Production Award—which stands today as our fighting forces' joint recognition of exceptional performance on the production front, of the determined, persevering, unbeatable American spirit which can be satisfied only by achieving today what yesterday seemed impossible.

The Army-Navy "E" which the Peden Steel Company and its employees received was the first award to an industry of this kind in the state. In 1943, a prime contract was given them by the Federal Government to construct landing barges of a type re-

quired for amphibious operation. The all-steel barges when assembled are 104 feet in length. Three railroad cars are required to transport the various parts to embarkation ports for shipment overseas. The barges are assembled at foreign ports or beaches from which our forces take off for landing operations on enemy soil. The contract required the Peden Steel Company to construct and ship the barges in accordance with a fixed schedule. Not only has the schedule been maintained, but in most instances advance deliveries have been made.

In commenting upon the accomplishment which earned the award of excellency for the company, Mr. James M. Peden said, "There was never a doubt in my mind as to whether or not we would be able to meet every requirement. We had the plant facilities and a corps of experienced and loyal craftsmen—that's all it takes to do a job in time of war or peace."

The Peden Steel Company and its predecessors have the unique record of having served five wars during the 118 years of the plant's existence. During each war munitions or other items of supplies have been shipped direct to fronts where the enemy was engaged.

The Dave Steel Company, Inc., was the first Asheville firm to win the Army-Navy "E". Since the company was organized in 1929 with two employees, it has expanded until now its activities extend from the Gulf of Mexico to the Great Lakes. Earlier in the war, the firm fabricated steel for war plants, later it manufactured parts for cargo vessels and sub-assemblies for destroyer escort vessels, and in 1944 it chiefly turned out large sections of LSM's (Landing Ships Medium) for the Navy.

"We are not so large as plants go, "President Dave said, in accepting the "E" on behalf of his firm and employees. "Our entire plant is made up mostly of Western North Carolina folks, from those who have really earned this award—the boys right here through the various departments in the plant. Every one of us has had a hand in the production record. We will wear the "E" pins as proudly as any serviceman wears a decoration, for they mean that we have contributed our best." And Superintendent Center in accepting the pins on behalf of the employees, added, "Every man has worked—really worked—and at new things with added speed and determination. He was the man behind the man behind the gun—and he knew it. We'll not rest on our laurels and keep the same old production records—we'll beat anything we have done before."

The Asheville Branch of the American Optical Company has received its third star to the parent company's "E" for war production. A star is awarded a firm winning the original award each six months that production is maintained.

The National Munitions Corporation of Carrboro has been awarded its third star following the Army-Navy "E" award. This plant was also one of the first in the state to receive the National Security Award.

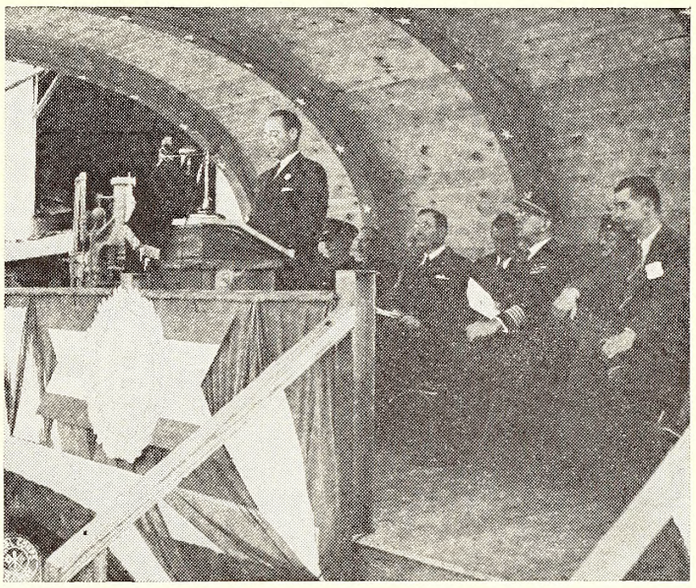
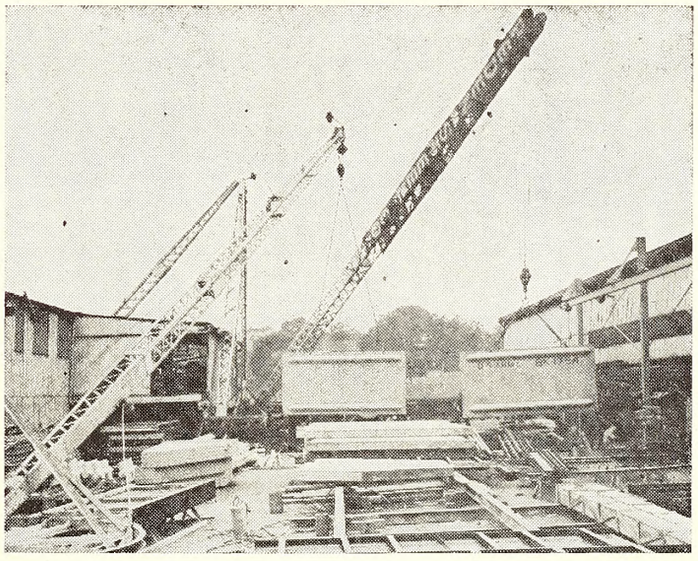
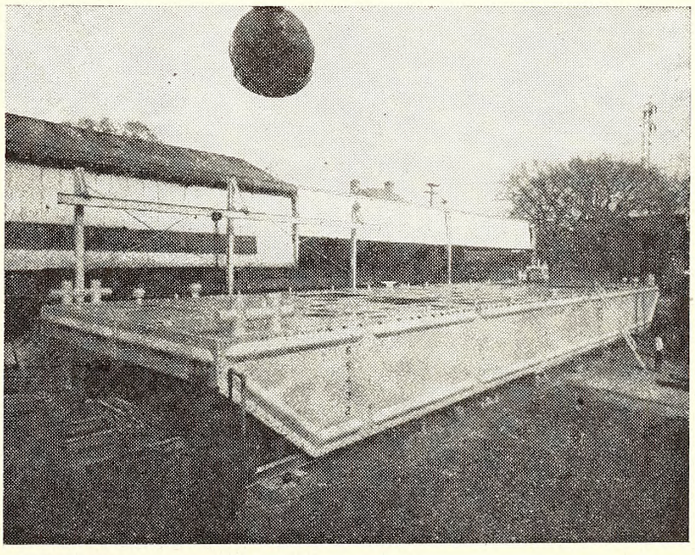


Photo by U. S. Army Signal Corps.

Scenes taken during award ceremonies at the Peden Steel Co. plant. Above: Mr. James M. Peden addresses the gathering of officials and employees.





The pictures immediately above and below illustrate the construction and the type of landing barge produced by the Peden Steel Co. Four railroad cars are required to transport each barge to the port of embarkation. They are assembled at foreign ports or beaches.

Merit System Administration and Operation

By Frank T. de Vyver, Supervisor Merit Examinations

The Merit System in North Carolina first became effective July 1938 when the present supervisor was appointed Supervisor of Examinations for the Advisory Committee on Personnel of the North Carolina Unemployment Compensation Commission. In the six and one-half years that have passed, the agencies, the Merit System Supervisor, and Council have learned a great deal about merit system administration. We have learned that there are certain fundamental changes in thinking that must take place if a merit system is to operate successfully. We have also learned that even after this fundamental change in thinking has taken place there may still remain certain areas of conflict between the merit system and the agencies which it serves. It is the purpose of this article to examine briefly both these fundamental changes in thinking that accompany a successful merit system and also to examine some of the areas of conflict that arise in the administration of a merit system.

APPOINTMENT BY EXAMINATION

In the first place must come the realization that for better or worse, employees are to be chosen on the basis of a public examination rather than on the basis of the recommendation of some person of political importance. Certainly not all political appointments are bad, nor are they necessarily good. Where thousands of political appointments are made, the law of averages would certainly result in many good appointments. Nevertheless, when an agency of government has accepted the principles of the merit system, it is saying that however poorly an examination system selects the best people, the chances are 100 to one that it will select better people on the average than could be selected by not using an examination system. The examination system is not perfect, but it is better than no system at all. Briefly, then, if an agency is to accept the principles of a merit system, it must put aside any thought that a congressman or senator can select better than it can, or that it can select a stenographer only by her looks.

Recently this problem was brought to my attention by a letter received from one of North Carolina's congressmen urging the appointment of a superintendent of welfare in his home county. In this letter the congressman advised that this young man had all the qualities necessary to make a good superintendent and he felt that his appointment should be approved. As is customary when such letters are received, the young man's qualifications were carefully examined and compared with the minimum qualifications which must be met even before a person is admitted to a written examination. A superintendent of welfare in North Carolina must be a college graduate and have completed some graduate training in an accredited school of social work. He must also have had some experience in social case work. This young man whom the congressman claimed had all of the qualifications for a superintendent of welfare was a high school graduate with about three years of clerical experience. The young man may have belonged to the right political party in a close county, but with all modesty, we were better able to select a qualified person for that position than this congressman was. Perhaps the congressman was merely asking us to say "no" rather than having to tell the young man himself.

PERSONNEL POLICIES

Another point which the administrators must accept when they deal with a civil service system or state merit system is that they will be restricted on some of their internal policies such as promotions, salary increases, transfers and dismissals. An administrator of a governmental agency must remember that he is administering public funds for a public purpose and that, therefore, he must expect to be regulated in what the public at that time feels is to the public's interest. Perhaps the administrator longs to be as free as a man in industry in carrying out the policies which he feels are wise, but the man in industry is not free either. When he gets through arguing with the trade union, he still has a board of directors and eventually stockholders to please. The state merit systems are established to represent the public interest in giving each citizen equal rights for jobs and security on those jobs with every other citizen and to attempt to provide satisfactory working conditions.

In carrying out these policies, the Merit System may have to say "no" to something the administrator feels is extremely important to him. In North Carolina, for example, the rules require that promotions must be made from the first three names on a promotional register. The grade which the person has received that places him on this promotional register is a combination of the usual factors in the grade plus the service rating factor. If a job opens in one of the agencies we serve, we are asked to send a promotional register and we expect the agency to appoint from among the first three on that register. (The agency may, of course, select from the names on a competitive register.) In this way, we feel that we are protecting the right of each employee to be considered for promotion on the basis of merit rather than on the basis of being the most proficient "apple polisher." The "apple polishing" may find a place in the system, of course, in that part of the grade which comes from the service rating, but our agencies cannot dip to the bottom of the promotional register for whom they think is better qualified. This is a very controversial matter and it is one point on which we differ from the United States Civil Service, but we feel we are right. If selection of individuals for appointment is made on the basis of merit, then promotions should be made on the same basis. There is no more reason to suspect that a senator's judgment is correct on the

selection for promotion than there is to suspect that he is correct on the original appointment. He may be or he may not be, but if we are going to have a merit system in government, it must be carried through and not confused with a merit system for selection and some other system for promotion.

We have found that we have to control transfers. We adopted this policy several years ago when we found that one of our agencies appointed on an area basis and immediately transferred to some other area with the obvious intent of circumventing the principle of selection on the basis of merit. The man they wanted to appoint couldn't be reached on the Asheville area register so they appointed him from the Gastonia area register and had him up in Asheville the next Monday. The man who did that had not accepted the principles of the Merit System, and, therefore, found himself tied up with what he undoubtedly thought was more red tape.

With reference to dismissals, the Merit System must see that each individual gets a fair and impartial hearing on any charges brought against him. In some ways, the Merit System is taking the place of a labor union in this. When a person is discharged from an organized industry today, the union examines the circumstances and if it feels an injustice has been done, raises the point with the management. The Merit System in North Carolina merely provides for a public hearing if the person discharged so wishes. The agencies have the final say, but as one administrator expressed it, if you discharge a man now you are the one that is on trial, not he. Because of this a person is not discharged unless the agency is quite sure that the discharge is justified or else is perfectly willing to accept any publicity that arises from it.

ACCEPTANCE OF CONTROLS

These are several illustrations of the type of control that must be accepted when the very fundamentals of a merit system are accepted. A bachelor is free to go and come as he pleases, to tell someone where he is going or not to as he pleases, to spend his money as he pleases, and to do pretty much as he pleases. The married man finds that there are certain restrictions imposed not necessarily by his wife, but which are a part of the state of marriage. The courteous thing to do is at least to tell your wife that you are going out and that you expect to be back at approximately a certain time unless you meet somebody on the way. A married man also takes on some financial obligations. It is much the same when a merit system is added to a government agency. There are very few married men, however, who object to the new restrictions of marriage. If they did, they would never have gotten married. They believe that marriage is a proper state and that it is not good for man to live alone. Therefore, the restrictions are not obnoxious and are accepted graciously. From the point of view of the public interest, it is not good for any government agency to live without some civil service system. When that fact is recognized, the added restrictions will not be obnoxious either. Of course, to many states this marriage with the Merit System has been a shotgun wedding, for it was an act of Congress amending the Social Security Law that made state merit systems necessary where federal social security funds were being administered. Perhaps, however, love will grow.

Even after the Merit System has been accepted by the agencies, there are likely to remain a number of problems which the sociologists might call areas of conflict. These areas of conflict are in reality areas of administration in which the interest of the agency and the best interest of the public as seen by the Merit System may not coincide.

TECHNICAL PROBLEMS

One of these problems is that of speeding up the procedure. Certainly all administrators have used rather strong language at times, referring to the red tape of the civil service system or the merit system under which they operate. Perhaps there is an opening for a claims taker in some area, and the Merit System Council has no one on the rolls who is willing to go there. Perhaps the agency has received the names of three prospective candidates for the job, and when these three prospects were approached they were really not interested in taking the job. Perhaps the agency has made a provisional appointment to some job and when the examination is given, finds that the person who has the job failed the test and must be replaced. All of this upsets the agency because it has spent time and money training him. Recently one of the agencies served by the Merit System Council has grown critical about that particular matter and has urged us to give make-up examinations to some of the provisional incumbents who failed, on the theory that time and effort have been spent training them and they should, therefore, be kept on the job. The agency was unimpressed when we have pointed out to them that several hundred people who had received no training were able to pass the examination.

If the agencies have worried over the red tape involved in civil service, so have those who are administering the system. Unless a merit system supervisor is feeling too important and trying to impress the agencies with how much power the Merit System does have, he worries just as much about the possible slowness of the procedure as the agencies. In many ways the supervisor can speed up the activities by getting names to the agencies the day after the request is received, and by constantly checking on registers to make sure that the people on them are willing to take the jobs which are offered. After this is done, however, there still remain a number of problems which slow up the procedure.

It is not the purpose of this article to defend merit system administration but rather to explain it, for if the agencies did understand a few of these difficulties of red tape, they would be somewhat more tolerant with merit system administrators. Giving an examination takes a considerable amount of time. Regulations require at least 30 days' notice to the entire public that an examination is to be given. Then, following the closing date for receipt of applications for the examination, the applications must be processed, that is, someone decides whether the

applicant is eligible. The appropriate number of examinations must be sent to the proctors in the various centers and notices of the examinations are sent to the individual applicants. All of this takes time. We must then wait for the proctors to send the test papers back. These days it takes a long time for express packages to be returned from cities a hundred miles from the center of our activities. When the papers are back, they must be graded. All merit systems have used various methods for shortening this process, but it still takes time and accuracy is essential. If the examination is to have an oral test as well as written, arrangements must be made for all those who passed the written to appear before one or more oral boards that must go from place to place in the area.

Then there are any number of people who swear as often as they are asked that they are interested in a job. Hopefully, we send their names to the agencies requesting names from that register only to be told by the agency and to have it confirmed by the individual that he or she could not accept that job at that time. No amount of circularizing the people on the registers can possibly do away with that difficulty. It is simply one of those things which is going to slow up the procedure for selection of personnel. Apparently each person who takes an examination hopes against hope that the right job will come at the right time, and insists that his name be retained on the active register. Of course, if he refuses several times, his name may be taken from the active register, but for every name dropped there are two or three others added with whom we have the same difficulty.

COOPERATION

The agency may ask, "How can the agency help in speeding up this whole process?" One suggestion would be that in so far as possible, the agency budget the needs for employees in the same way it budgets its needs for funds. By this time each agency should know what its possible turnover is for any particular job. Let the Merit System know about that; it will help them plan an examination program. Of course, the need may be more or less than budgeted, but that is true even with a financial budget.

Another thing which an agency can do is to ask for the type of person it wants. Recently one of the agencies asked for a junior general clerk register. In North Carolina, a junior general clerk is not required to be a typist or a stenographer, yet the persons when interviewed for the job were asked whether they could take dictation and type; then they were told they were not satisfactory for the job. In such cases, we write to the individual to get his side of the case and in that way find out what the agency has done. We do not think that the agency was trying to get around the regulations for they could just as easily have asked for a typist clerk or a stenographer; but either through ignorance of the requirements of the job or carelessness, the wrong register had been requested. All this delayed the procedure.

Another thing which the agency can do to help a merit system which is serving more than one operating unit is to get the certificates back as quickly as possible. If we send the Unemployment Compensation Commission the names of three senior general clerks, we do not like to send the same three names to the State Board of Health, but we have found that some of our agencies keep a certificate for the full 30 days allowed under the rules. Meanwhile, the Supervisor is faced with the dilemma of sending the names to a second agency, thus involving competition between the agencies for an applicant, or digging deeper into the barrel for the second agency that makes its request, whereas a better person might have been secured from the rejects of the first agency's list. It takes time for the agencies to get the names they request and it takes time for them actually to hire the person involved. In dealing with the state agencies served, since we both realize that time is of the essence, this problem has been worked out fairly satisfactorily.

CHECK-UPS

Another item involved in the merit system rule is the monthly audit of the payroll for merit system status of those on the payroll. This has great possibility as an area of conflict because this is the enforcement procedure of the Merit System. The possibilities of any conflict are greatly reduced by proper records being kept both in the Merit System office and in the office of the agency, and by a will to abide by the merit system regulations. If an agency does not try to circumvent the merit system rule, the Supervisor will not find anything the matter; but if an agency insists on sneaking a person in now and then contrary to merit system rules, the Merit System is going to locate it by the payroll audit and file objections. Of course, we do not have as much trouble with state agencies in this as we do with a few county departments, who sometimes must stay awake nights thinking up ways to get around the regulations.

Of fundamental importance in merit system-agency cooperation is the administration of salaries and personnel regulations. It has always seemed that, unless the Merit System Supervisor is the Personnel Director for the state, the Merit System's job is to advise and counsel the agencies in the development of salaries and personnel regulations. Each agency with whom we deal has different problems in this matter and we have, therefore, merely advised. With the county agencies which we serve we try to keep an administrative check to see that the regulations are followed. Obviously, investigators cannot be sent into each of the hundred counties of North Carolina to see that the vacation rule is followed or that petty leave is not abused, but these things are kept constantly before the minds of the local administrators by asking for periodic reports on the hours worked or leave taken.

SERVICE RATINGS

Another problem with which the Merit System has dealt is the rating of employees. Here we have cooperated with the Unemployment Compensation Commission and will help the other agencies by developing with them adequate methods for periodic rating of employees and making that rating amount to something by incorporating it as a part of the

promotional grade of each employee. Thus, when the Chairman of the Unemployment Compensation Commission gets a promotional register for any job, he knows that the estimate of his own supervisors of the various people involved is an important part of the grade. Ratings are naturally a difficult thing to administer in attempting to get uniformity as between individual raters and fairness to all the people who are rated. This fact is recognized; but we feel that these ratings should be dignified by being made part of the promotional grade and that a constant effort should be made to eliminate insofar as possible any personal prejudices on the part of the person doing the rating.

DISMISSALS

Possibly the area in which the greatest amount of conflict is likely to occur between the agencies and the Merit System is with respect to dismissal of an employee. The Merit System is supposed to protect employees from dismissal for trival causes or political reasons. The Merit System Council is supposed to be a group of judges in all such cases. We feel that the public service should not be a sinecure for incumbents, and certainly no Merit System Council would think of giving any aid to the obviously unfit. There is a six months' probationary period during which time the employing agency is supposed to find out whether the person is competent. If the agency, by lax administration retains some incompetents because it did not have the courage to discharge them before the six months' period was up, that agency owes the incompetents some consideration. Of course, people step down as well as step up and when that occurs, every agency must use the right of discharge. The Merit System Council is not an organization designed to keep poor workers on the job, but we are supposed to see that every change in the political wind does not bring about an upheaval in the working forces of government. Unless the protection of publicity, at least, is given, a person may be discriminated against either because he votes for the wrong candidate or because the successful candidate has a friend who wants the incumbent's position. In North Carolina, we have not had any cases of appeals from discharge under the present Merit System Council, but if we do, we will try to give the incumbent a fair hearing. We will not try to defend incompetent incumbents; but we will try to give full publicity to any arbitrary discharge.

BETTER PUBLIC SERVICE

In conclusion, it should be reemphasized that only when governmental administrators understand that merit systems are designed to promote better government, can any merit system function properly. On the other hand, merit system administrators must constantly remember that they can serve the public best by serving the agencies best. We have, to be sure, certain powers and duties; but we should use these as state police used to when they drove around in white cars that could be seen for miles. They weren't trying to make arrests; they were trying to cut down speeding. We are not trying to catch or badger an agency. We are trying to help the agencies and we exist only to serve the public interest as every government agency does.

CIGARETTE PAPER PLANT MADE INDUSTRY INDEPENDENT

(By Bill Sharpe)

Smokers inclined to grumble a bit because they can't always get their favorite cigarettes, might more logically join in an obscure little 5th Anniversary celebration on the banks of the Davidson River. Because without some shrewd foresight, or luck, or something, which established the Ecusta (cigarette) Paper Plant, you probably wouldn't be smoking a cigarette at all—at least, not one rolled in a thin, tasteless paper.

When the Nazis marched into Poland, 90 percent of the cigarette paper used in this country was being imported from France. But, meantime, Harry H. Straus, who helped develop the French industry, had been hunting for pure, chemically-free water in this country. His search ended on the banks of the Davidson River, which comes tumbling out of Pisgah National Forest. Happily, it was also located near the center of tobacco manufacturing.

In August 1939, the first cigarette paper was made in the new plant, and it was just in time. Subsequent expansion of the original plant has made American smokers virtually free of paper imports. The paper is now used to wrap Camels, Chesterfields, Philip Morris, Old Gold, Lucky Strikes, and many other well-known brands.

In saving the tobacco industry from a fate worse than death—and by a pretty terrifying margin—the infant industry had to solve many technical problems. Cigarette paper must be pure white and opaque; completely tasteless—directly and when burning; must burn at the same rate as the tobacco; must be thinner than the diameter of human hair, yet elastic and strong; must not stick to the lip, yet must be sufficiently moisture resistant so the cigarette will not become soggy.

As early as 1934, experiments with flax had been started in South Carolina. Now native flax is flowing to Ecusta and turning out what President Straus says is a product superior to that formerly imported from France.

The use of flax also has created a source of income for farmers to whom it was a waste product. In some sections, flax had been such a nuisance that farmers paid $1.50 an acre to have it removed. Much of Ecusta's flax comes from Minnesota and California. A year's supply is now in storage. The industry has brought 1,500 jobs into this mountain community, with an annual payroll of more than $2,500,000.

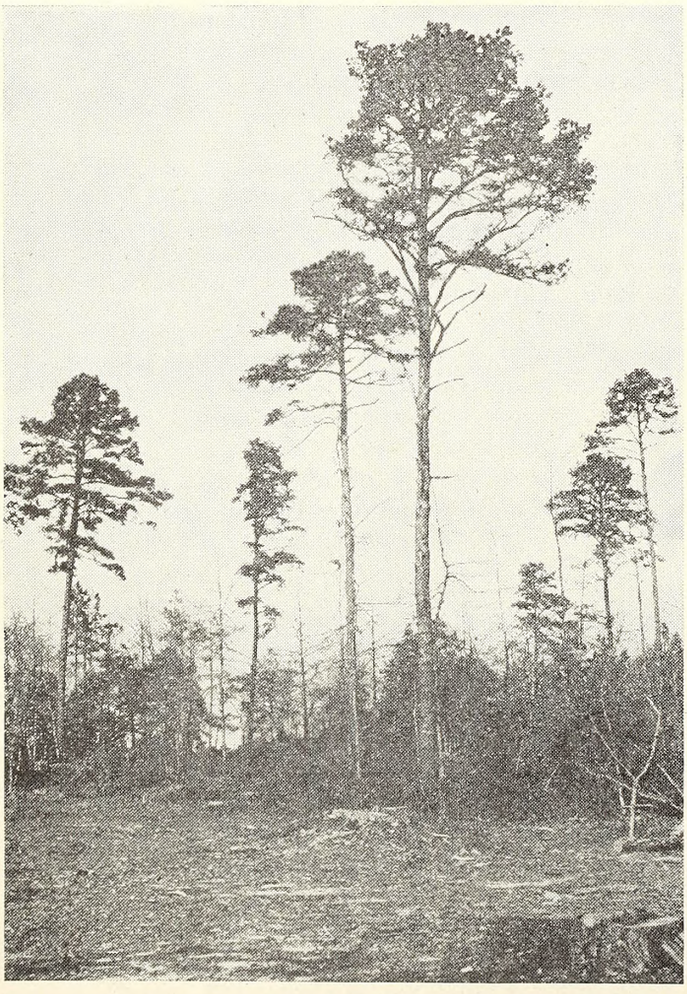
One bobbin of paper will make 85,000 cigarettes, and Ecusta's capacity is 20,000 bobbins a day. That adds up to 1,700,000,000 cigarettes, and U. S. consumption currently is only around 257 billions a year.

Timber Cropping Destined to Replace Mining of North Carolina's Forests

BY C. F. KORSTIAN, DEAN DUKE SCHOOL OF FORESTRY AND PRESIDENT, NORTH CAROLINA FORESTRY ASSOCIATION

For over 200 years we have "mined" our forests. Forest products were abundant and cheap and the United States attained a per-capita consumption of forest products far greater than that of any country in the world. The use of this forest heritage contributed largely to maintaining the living standards of our American people. But the pioneer belief that the plow would surely follow the axe was not always borne out, for many areas unsuited for agriculture were denuded of their forests even though they could best serve the nation for timber growing.

A change in the attitude of the forest-products industries toward their raw material and of forest owners toward their lands is under way. Within the last decade forest management has come to the fore, involving a stabilizing of the forest industries in place of migratory mills and plants, and the development of a permanent interest in forest lands and the growing of new timber crops on a permanent basis instead of looking for additional virgin forests to cut. This evolution has really just gotten off to a good start and many years will be required to bring all forest lands in the United States under adequate protection and wise use. It is too much to expect that under the old, commonly accepted American system of free enterprise, in which the economic law of supply and demand and immediate financial returns rather than deferred income are dominant factors, reasonably good forestry will be practiced on a sufficiently large proportion of the privately owned forest lands of the country soon enough to obviate the necessity for some reasonably effective and yet practicable form of public supervision or control over cutting on these lands in order to keep them continuously productive of future timber crops.



Cutting of short leaf pine leaving scattered seed trees.

North Carolina, with over 17 million acres of privately owned forest land and hundreds of thousands of ownerships is no exception to the general situation found in a recent study to prevail in the important forest regions of the country.[1] Less than one-third of this area is being handled and managed for the growth of timber, most of which (4.8 million acres) only receives extensive management practices involving fire protection and provisions for restocking such as the reservation of seed trees or partial cuttings.[2] The remainder of this area under management, in addition to receiving extensive forestry practices, is handled under planned cutting programs or forest improvement operations aimed at the continuous growth of timber crops under technical forestry practices.

RESOURCES

Of the area under extensive forest management 600,000 acres are industrially owned, over 1.8 million acres are in farms, and the remainder (over 2.4 million acres) is in other forms of ownership.

Of the area under intensive forest management, 60,000 acres are industrially owned, 100,000 acres are in farms and the remaining 260,000 acres are in other forms of ownership.

Forests comprise important and integral parts of North Carolina farms. The 278,276 farms in the state, aggregating 18,845,000 acres, have a total of 9,093,000 acres in farm forests or an average of 33 acres of forest per farm. The total value of forest products sold from farms in 1937 was nearly 8.7 million dollars, ranking sixth in order of total sales of various farm products, being exceeded by tobacco, corn, cotton, hay, and peanuts. However, by adding to the value of forest products sold from farms that

1. Korstian, C. F., "Forestry on private lands in the United States." (1944.) Duke School of Forestry Bul. 8. 234 pp.
2. These and other figures in this article are from "Forest Facts for North Carolina" reported May 18, 1944 by the Committee on Forestry Policy, North Carolina Forestry Association and compiled from data supplied by the Forest Survey, Appalachian Forest Experiment Station, Asheville, N. C., and by the Division of Forestry, State Department of Conservation and Development, Raleigh, N. C.

Clear cutting to be followed by planting.

Shelter wood cutting, when pine reproduction has become established in the openings, the remaining large trees will be cut.

of forest products used on farms (nearly 15.6 million dollars) the total value of forest products produced on farms displaces cotton in third place.

There are about 3,850 sawmills in North Carolina, four pulp mills, approximately 65 veneer mills, 12 cooperage plants, nine tanning extract plants, five excelsior mills, 48 shuttle-block, handle and dimension mills, and 41 other primary wood-using plants.

Almost 2,900 of the sawmills operating in North Carolina in 1937 had a capacity of less than 10,000 board feet per day. These small mills cut two-thirds of all the lumber. The greatest concentration of these mills is in the Piedmont. Of 1,600 sawmills operating in this section of the state only 28 had a daily cutting capacity of more than 10,000 board feet. All six of the largest mills—with a daily capacity of 40,000 or more board feet—were located in the Coastal Plain.

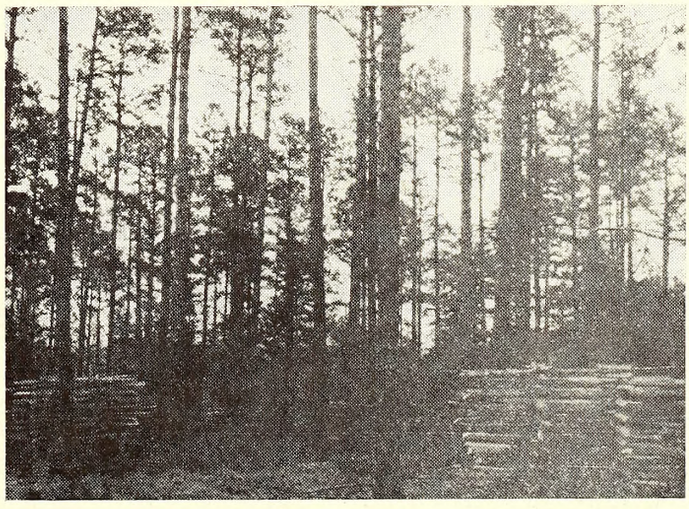
These primary commercial forest industries afford approximately 8,039,000 man-days of employment per year. Only the textile industry provided the workers of North Carolina with more employment than did the primary forest industries. The secondary forest industries such as furniture factories provided an additional 9,395,500 man-days of employment, bringing the total to about 17,434,500 man-days per year for the forest products industries.

The total value of the primary forest products produced in North Carolina averages about 55 million dollars per year. The annual production of forest products in the state is approximately 1.7 billion board feet of lumber, 870,000 cords of pulpwood, 5.8 million cords of fuelwood, 612,500 hewn crossties, 151,000 poles and piling, 150 million square feet of veneer, and 100,000 cords of other products.

To obtain a true picture of the forest resource situation it is necessary to determine not only the quantity of wood removed from the sound-tree growing stock in the forests of the state by the forest industries and domestic users, but also the amount of growth in these forests for the same period. For 1937 the Forest Survey found that the pine stands in the state as a whole were being over-cut in the saw-timber sizes and were barely holding their own when all sizes were considered. The hardwood situation was more satisfactory as there was a small gain in saw-timber volume.

This over-all picture does not, however, accurately portray conditions in the different parts of the state. For example, the mills and other users over-cut the pine stands of the Piedmont in 1937 by 184 million board feet. During the period from 1937 to 1944 the Forest Survey calculates that the volume of saw-timber in these Piedmont pine stands was reduced by 16 percent.

Thus in certain areas of the state the drain exceeds the current growth, in others the supply of large, high-quality trees is limited, and in still others the preponderance of cull trees in the forest stands hinders profitable timber growing. Moreover, on a large percentage of the forest land the volume of growing stock is not over one-half of what it could be under good forestry practices. Under present conditions the wood-using industries can continue to operate for a considerable time without losing their high rank in the industrial economy of North Carolina. However, if they are to remain permanently in business, and expansion rather than contraction of these industries is anticipated, the necessary steps must be taken to build up the annual



Thinning. Short leaf pine following thinning for fuel wood, pens of which are in foreground.

forest growth, in the most useful sizes and species, to more nearly the productive capacity of the land.

FIRE PROTECTION

To bring about this objective several approaches are desirable. First of all adequate fire protection must be considered as a prerequisite to timber growing and the efforts of public and private fire control agencies must be strengthened and given wholehearted support. Forest fire control should be extended and expanded to a state-wide basis. Only about two-thirds of the counties of the state have organized fire control and most of this is inadequately financed. The $169,000 recommended by the State Advisory Budget Commission for the fiscal year 1945-1946, although almost $66,000 above that for 1944-1945, is only about three percent of the 3.5 million dollars of annual tax income to the State Treasury from the forests and forest industries of North Carolina. This amount is still inadequate to protect the state's forests, the stumpage of which, exclusive of land value and of the forest products industries, is estimated at 188 million dollars.

The increased recognition by the State Budget Bureau and by the Advisory Budget Commission of the importance of adequate forest fire control and certain other phases of the state's forestry program is indicated by the following excerpt from the foreword of the Commission's report to the 1945 Legislature:

> "The appropriations for Forest Fire Control have been increased very materially. The present war emergency has definitely brought the Nation face to face with a realization that the forest products of the country are very vital, and that war uses have depleted these products to a very great extent and that, in order to have sufficient forest products to meet the needs during peace time, it will be necessary to preserve and to encourage forest production. With this in mind, it has been recommended that additional funds be appropriated for forest fire control and for certain other forestry work in order to preserve and to provide ample planning for future needs."

HARVEST CONTROL

Even though adequate control of forest fires is the first essential requirement for successful timber cropping, it alone will not necessarily keep forest lands continuously productive. Cutting methods that will assure perpetuation of well-stocked stands of desirable timber species should be more widely practiced. Many tree species now infrequently utilized, particularly of hardwoods, should be cut and marketed. This may involve a more extensive development of wood conversion or secondary wood-using industries, possibly at the expense of a decrease in lumber production. More control must be exercised over cutting practices on privately owned forest lands to guard against stripping them without regard to their future productivity. Measures such as these will go far toward making the forests of North Carolina a growing permanent natural resource, capable of supporting more forest products industries and a larger part of the state's population. The greater natural wealth thus created will not only support enlarged permanent forest industries and supply more permanent jobs, but will also provide a wider tax base for equitable taxation.

For a number of years the North Carolina Forestry Association has sought to encourage, in cooperation with lumbermen, the pulp and paper industry, and other users of forest products, the more extensive adoption of a system of timber harvest that will provide for a sustained timber yield and make for better land use on a permanent basis. Pursuant to resolution of the Association adopted at its September, 1944 meeting and with the concurrence of the Forestry and Parks Committee of the State Board of Conservation and Development, a conference was held in Asheville on November 14 and 15 to explore the possibilities of drafting a state bill for the control of cutting practices which may reasonably be expected to be practicable of administration and to attain the objectives of increased and sustained yield of forest products. This conference was attended by representatives of forest owners and the major forest industries and by state and federal forestry officials. It reached a common accord to the extent of approving the context of a bill which it felt would be deserving of support in the State Legislature. Another important decision reached at the Asheville conference was that practical and yet reasonably effective forest cutting practices can be drafted for the more important groups of forest types in North Carolina. Such cutting practices have since been drafted by a committee of the Appalachian Section of the Society of American Foresters.

It is uncertain whether a bill, patterned along the general lines of the recommendations of the Asheville conference or of some other form, will be introduced in the 1945 session of the General Assembly. Some of our statesmen, however, have indicated that they believe that North Carolina's forest situation is sufficiently critical to demand the most thoughtful attention and remedial action by the State Legislature.

FORESTRY SURVEY

An independent survey of forestry administration and practice has been under way in North Carolina, the first state selected for this study which is being conducted as a joint project of the Society of American Foresters—the national organization of professional foresters in this country—and of the Charles Lathrop Pack Forestry Foundation. Made possible by a grant of funds from the Foundation, the project will subsequently be extended to other states in which administration of forest resources will be studied. The project is designed to render a service to the states by providing them with an objective professional analysis of their forestry problems, and to submit recommendations as to how those problems might be solved for the states' social and economic welfare. The survey is being made in North Carolina with the cooperation of the State Department of Conservation and Development, and other state, federal and private agencies.

Workmens Compensation in North Carolina

By T. A. Wilson, Chairman, Industrial Commission

Insofar as the comforts of life may be purchased in the open market, the people of the United States have made more progress in their mode of living since 1900 than all other people in the history of civilization, and most of this has taken place since the First World War. In the past we of the United States have felt that we could solve most of our social problems due to modern industry by our high standard of living as compared with many other industrial countries, but the severe and long economic depression of the late twenties and early thirties taught us that the individual is helpless when his limited savings are rapidly consumed through unemployment, whether caused by accident, sickness, a lack of opportunity to secure employment, or any other cause.

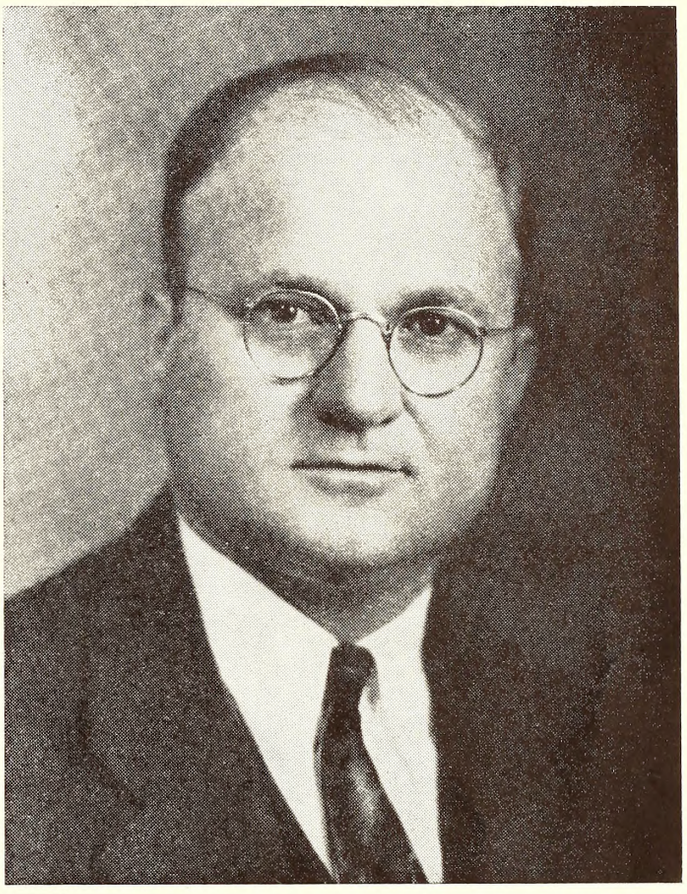
Modern industry has solved many of the problems of supplying the needs of mankind in our complex civilization, but as we solve one problem others are created. Thus the need for a broad comprehensive social security program.

The United States has been somewhat behind many other nations in trying to alleviate certain social problems through legislation. With the exception of the Workmen's Compensation Laws, enacted by individual states beginning in 1911, very little progress was made in this country until the present national administration took office in 1933.

Since the Workmen's Compensation Law was the fore-runner in the United States of the broader social security program, of which we are now so proud, it probably will be of interest to briefly sketch its origin and history in Europe, in the United States, and here in North Carolina.

HISTORY

The modern Workmen's Compensation Law had its origin in Germany, and was offered by Chancellor Bismarck as a means of preventing the further spread of the socialistic doctrines of Marx and LaSalle. The first bill was introduced in the Reichstag in 1881, but because of objectionable amendments the bill was withdrawn by the Government. In 1882 a second essay was made with two bills: a revised compulsory accident insurance bill, and another bill providing for compulsory insurance of workmen against sickness. However, both bills dealt with the industrial accident problem, for it was contemplated that compensation benefits would be paid from the sickness funds during the first 13 weeks of disability resulting from accidental injuries, and that the accident funds should be used to provide benefits only in case of serious injury that caused either death or disablement extending beyond the 13-week period. The committee considered the sickness bill first and it was enacted in 1883, effective December 1st, 1884. No action was taken on the accident bill, but a third bill was introduced in March, 1884, providing for a system of mutual accident insurance associations which was enacted effective October 1st, 1885. Its



THURSTON ADGER WILSON

Better known as "T. A." Like our Governor Cherry, born in South Carolina, but has developed into a fine North Carolinian. Able, conscientious, honest, modest, hard-working. In every sense, a useful public servant.

Leader of organized labor for many years. President of the North Carolina Federation of Labor, 1927-1930.

Appointed member of the North Carolina Industrial Commission when it was set up, May 1, 1929. Chairman since March 1, 1939. National authority on industrial safety and member of all of the important national and international societies operating in this field.

T. A. is presently the President of the International Association of Industrial Accident Boards and Commissions, having been elected to that position at the international convention of this organization at Boston, Massachusetts, last year. Previously he had served on important committees of this association and as one of its vice-presidents.

With his state-wide, national and international interests, T. A. finds time to be one of Raleigh's most useful citizens. Member American Legion, 40 & 8, Lions Club, Junior Order, Masons, Typographical Union, Lutheran Church. Active in all.

The Unemployment Compensation Commission is proud of its older sister organization, the North Carolina Industrial Commission, and we who are responsible for its administration, are grateful to T. A. and his associates for their unfailing interest and their help in the stormy days of 1936-37, when we were launching our new agency. The relation between our agencies has been close and cordial and should so remain, because we are both in the same field, the Industrial Commission bringing cash benefits when the worker is disabled by industrial accident or occupational disease, and the Unemployment Compensation Commission providing income for him when he loses his job through no fault of his own.

The Unemployment Compensation Commission salutes the Industrial Commission and its worthy Chairman. We are proud to present his story of "Workmen's Compensation in North Carolina."

—A. L. F.

coverage was limited to manufacturing, mining and transportation. Later its scope was increased to cover employees in agriculture, forestry and public service in 1886; building trades in 1887, and in 1911 all Workmen's Compensation Laws were brought together. Previously in 1871 Germany had enacted the Employers Liability Law.

Great Britain, too, had her problems. Prior to 1846 there was no right of action in England under the common law for wrongful death. The Lord Campbell's Act remedied this situation by permitting the personal representative to bring action within 12 months. The Employers Liability Act of 1880 modified the fellow servant rule but did not stop the agitation for a broader reform. Amendments were offered to abrogate the fellow servant rule in its entirety, the defense of assumption of risk, and to limit the practice of contracting out. The situation in Great Britain became increasingly worse until a Workmen's Compensation Law was enacted in 1897, which was of an experimental nature, covering only hazardous employments such as railways, factories, mines, quarries, engineering work, and on buildings more than 30 feet high. The employer paid the entire cost. It was enacted over the opposition of both employers and employees—some employees feeling that somehow they would have to bear the cost. In 1900 its scope was extended to cover agricultural laborers and in 1906 it was further extended to cover most employments and the benefits were revised.

Other European countries enacted compensation laws prior to the United States.

The industrial accident problem in the United States was left to the individual states, and, of course, the early Compensation Laws had to hurdle the favorite legal question, to wit: constitutionality, both state and federal. And then there was the question of competition, that one state would have an advantage over another.

However, in 1891 the United States Bureau of Labor studied the German system and published its findings in 1893. A similar study was made in 1898 by the Bureau of Labor Statistics in Massachusetts at the request of the Legislature.

The first American Workmen's Compensation Law, modeled after the British Act, was introduced in the New York Assembly in 1898. It did not come out of the Committee.

Maryland passed an Act in 1902 covering clay and coal mining, quarrying, operation of steam and street railways, and certain construction work for municipalities. It was crude and limited death benefits to $1,000. It was declared unconstitutional in 1904 for the reason that it deprived parties of the right of trial by jury.

Massachusetts in 1903 appointed a committee of five which the following year recommended a law modeled after the British Act of 1897. It was rejected by the Legislature because it would impose too great a burden on industry. In Illinois it was opposed in 1907 by both employers and employees, the former objecting to increased legal responsibility, and the latter to abrogating their common law rights and the limited benefits. Many other states appointed committees to study the laws and make recommendations.

In 1908 the United States Congress, upon request of President Theodore Roosevelt, passed a law with limited benefits for certain government employees.

Finally the constitutional problem was solved by a system of elective laws. That is, the employer is presumed to have accepted the law and provide insurance if he has a given number of employees and if his industry is not exempted. If he fails to provide insurance or if he rejects the compensation law his common law defenses are abrogated. Thus, if there is any negligence on his part and he is solvent it is only a question for the jury to say the amount of the monetary damages. Usually if the employer has failed to reject or provide insurance the injured employee has the right to elect to sue at law or accept compensation.

Thus there were investigations and experiments which ultimately resulted in 47 state compensation laws (Mississippi being the remaining exception), several territorial laws, the United States Longshoremen's and Harbor Workers' Act, which was extended to cover United States Government employees and civilian employees in the District of Columbia. New York amended its constitution to provide a compensation law. North Carolina in 1929 was the 44th state.

NEED

Why the necessity for Workmen's Compensation Laws? The common law system was slow, cumbersome, expensive, and many abuses developed. Good employer-employee relations could not be maintained, which modern industry now realizes is most important for efficient production. Court trials with attendant witnesses interrupted production, and the employer, not infrequently, was held up to public abuse before the jury of 12, a crowded courtroom, and the press. On the other hand many sociologists estimate that only one injured worker out of eight (and some times less) ever recovered under the common law system, and, therefore, they frequently became a charge first on their relatives and friends, and then on society as a whole. I have frequently said that no worker would roll dice with the paymaster to determine if he were to be paid off or the company keep his wages. Certainly he should not expect his widow and orphans to play a game of cards with the paymaster knowing that the cards will be stacked against them eight to one to determine as to whether they will be taken care of or not.

"And judgment is turned away backward, and justice standeth afar off: for truth is fallen in the street, and equity cannot enter." (Isaiah, 59 Chap., 14 verse.)

The late Justice Adams in *Conrad vs. Foundry Company,* (198 N. C. pp. 725-6) quoting from *Stertz vs. Industrial Insurance Commissioner* (91 Wash., 588, 158 Pac., 256) said:

"Both had suffered under the old system, the employer by heavy judgments, * * * the employee through old defenses or exhaustion in wasteful litigation. Both wanted peace. The master in exchange for limited liability was willing to pay on some claims in the future where in the past

there had been no liability at all. The servant was willing not only to give up trial by jury, but to accept far less than he had often won in court, provided he was sure to get the small sum without having to fight for it."

Justice Adams then said:

"The result was that the compensation law discarded the theory of fault as the basis of liability and conferred an absolute right of compensation on every employee who is injured by an 'accident arising out of and in the course of the employment'."

Justice Seawell in *Barber vs. Minges* (223 N. C., p. 216) says:

"The primary purpose of legislation of this kind (Workmen's Compensation) is to compel industry to take care of its own wreckage. It is said to be acceptable to both employer and employee, because it reduces the cost of settlement and avoids delay. To the employee, it means a certainty of some sort of compensation for an injury received in the course of business; and to the employer, it reduces unpredictability of loss and puts it on an actuarial basis, permitting it to be treated as 'overhead', absorbed in the sales price, and thus transferred to that universal beast of economic burden, the consumer. * * * It is said to be permitting it to be treated as 'overhead,' absorbed in the conduct of the enterprise, and is referred to the propriety of keeping loss by accident incidental to employment 'chargeable to the industry where it occurs.' * * * It is called 'an economic system of trade risk.' "

The North Carolina Supreme Court, like others, has said on many occasions that the law must be interpreted liberally in favor of the injured worker.

As to delays in courts under the old system, in Rhode Island a certain case was tried before a jury five times, went to the Supreme Court five times, and finally a verdict for $22,895 was sustained eight years after the accident. A Missouri boy, age 18, lost his leg in 1872, 18 years later in 1890 he recovered $12,000 with interest after three jury trials and three appeals. He was then 36 years old, married, and the father of three children.

And then there is the famous old English case that Dickens portrayed of *Jarndyce vs. Jarndyce*, which remained in litigation for approximately 40 years.

ACTION

The Legislative history leading up to the enactment of the North Carolina Workmen's Compensation Law ran true to form. The common law system was unsatisfactory. As North Carolina emerged from an agricultural state to an industrial state the dissatisfaction with the common law system of establishing liability for personal injury to employees increased, yet little was done until the Workmen's Compensation Law was enacted March 11th, 1929, upon the urgent request of Governor O. Max Gardner in his first message to the General Assembly (January 11th, 1929) in which he said:

"North Carolina has grown so rapidly in industry during recent years that the state is passing through a transition period. Changing from an almost wholly agricultural state to a well advanced and almost evenly divided industrial state, this condition suggests the crying need for a fair and just workmen's compensation law, which I believe should be provided by the General Assembly. This would serve the needs of labor in providing a quick, economical, and efficient method of adjusting the claims for injuries, loss of time, and damages and would relieve the claimants of a large part of the expense and delay incident to court trials. It would relieve them of the burden of proving the negligence of the industry, and at the same time would tend to relieve some of the congestion now prevailing on the dockets of our courts. It would also be more satisfactory to industry because it would mean fixed and stated standards for determining compensation, and would not leave the question open to the speculative determination of court trial. This law should be fair to the employee and not oppressive or unjust to the employer."

In 1897 the North Carolina General Assembly abrogated the fellow servant rule, modified the doctrine of contributory negligence and assumption of risk when due to defective machinery, but it only applied to railroads. From 1911 to 1921, 20 bills were introduced in the Legislature, including eight in 1913, and five in 1915, to modify the employers liability, but all failed of passage except three, and these applied only to railroads, including logging and tram roads.

As to workmen's compensation, 17 bills were introduced in the North Carolina Legislature from 1913 through 1927, including three in 1913, and five in 1921, but only two passed. One passed the extra session of 1920 to appoint a special joint committee of the Senate and House to investigate and report upon workmen's compensation, and at the next regular session a bill passed to pay the expenses of this committee. With the exception of 1919 one or more bills were introduced at every regular biennial session of the Legislature from 1913 to 1929 to create a workmen's compensation law. Yet it was not until 1923 that a committee gave a compensation bill a favorable report, and this did not recur until 1927 when a bill was amended and placed on the favorable calendar.

During this time the North Carolina State Federation of Labor had gone on record in 1915 for a workmen's compensation law and at subsequent conventions. Also, Commissioner of Insurance, James R. Young, in 1914 and his successor, Stacy Wade, recommended the passage of a Workmen's Compensation Law; M. L. Shipman, State Commissioner of Labor and Printing, in 1916 and biennially thereafter, while in office, recommended the passage of a law, as did his successor, Frank D. Grist, who aided in its passage in 1929.

During the 19 years, 1911 to 1929, six governors held office, five of whom were elected upon a Democratic platform pledged to the passage of a workmen's compensation law, but it was not until O. Max Gardner was elected that a governor really pressed for its passage.

Not only did Governor Gardner vigorously recommend its passage but he was instrumental in getting representatives of employers and employees together outside of the legislative halls to agree upon a bill to the end that there would be unanimity of support from the two principally interested parties, and thus substantially reduce and narrow the opposition. The legislative action proved the wisdom of his strategy for after a lengthy public hearing before the 1929 Joint Senate-House Insurance Committee the bill was reported favorably to the Senate but re-referred to the committee for further hearing upon motion of Senator Walter Clark of Mecklenburg to hear certain of his constituents in opposition to its passage. Upon the bill being given a second favorable report there was a lengthy debate in the Senate extending over two days but the end result was its passage with

only four votes being cast in opposition, and in the House there was not even a roll call.

Among the leaders in the 1929 Legislative fight for passage of the Compensation Law were Governor J. M. Broughton, then State Senator; Senator Claude C. Canaday of Johnston, both of whom introduced bills; and Representatives W. E. Price of Mecklenburg and Robert M. Hanes of Forsyth.

The non-legislative committee, which agreed upon the terms of the bill passed in 1929 with minor amendments, included the following: For the Employers, Stacy W. Wade, former Insurance Commissioner; V. P. Loftis, representing the contractors, and Frank S. Spruill, Sr., Attorney, representing the Yellow Pine Lumber Association. For the Employees: T. A. Wilson, President, and James Rideout, Secretary, North Carolina State Federation of Labor; J. E. Baumberger, representing the Brotherhood of Firemen and Engineers.

However, the principal negotiations were carried on between Spruill and Wilson who agreed upon the benefits embodied in the bill that passed, except that the Senate increased the total compensation from $5,500 to $6,000.

PROVISIONS

Thus, the legislative history of Workmen's Compensation in North Carolina is not unlike that of Germany, England and the 43 States that preceded it. The Compensation Law was finally enacted, and became effective July 1st, 1929. The law provided for a Commission of three, who "shall devote their entire time to the duties of the Commission." The Governor shall appoint the members of the Commission and "not more than one appointee shall be a person who, on account of his previous vocation, employment, or affiliation, can be classed as a representative of employers, and not more than one appointee shall be a person who, on account of his previous vocation, employment, or affiliations, can be classed as a representative of employees."

The original members of the Commission were Matt H. Allen, Chairman, representing the public; J. Dewey Dorsett, representing the employers; and T. A. Wilson, then President of the North Carolina State Federation of Labor, as Labor's representative. Harry McMullan, now Attorney General, succeeded Matt H. Allen as Chairman and served for a short while. The present members of the Commission are T. A. Wilson, Chairman, Buren Jurney, Commissioner and Pat Kimzey, Commissioner.

The 1929 law was modeled after the provisions of the Virginia, Georgia and Indiana Workmen's Compensation Laws. It provided for compensation at the rate of 60% of the average weekly wage, but not less than $7.00 per week, nor more than $18.00 per week. In case of death, 350 weeks compensation; total disability not to exceed 400 weeks; for partial disability (except for partial loss of or loss of use of members) 300 weeks, but in no case to exceed $6,000, including burial expense not to exceed $200; the employer to pay the cost of medical, surgical and hospital expenses for 10 weeks, and thereafter upon order of the Commission when it "will tend to lessen the period of disability." There was a schedule of weeks to be paid for loss of members ranging from 200 weeks for loss of an arm to 10 weeks for loss of a toe, which was in keeping with other state laws in the South. However, as to percentage, total compensation and medical benefits, the 1929 law was then the most liberal in the South.

OPERATION

From 1929 to July 1st, 1944, a total of 650,812 cases have been reported to the Industrial Commission, in which compensation has been paid in the amount of $18,511,060, and medical expenses paid in the amount of $9,217,842. Included in the 650,812 cases are 1,528 deaths, 62 permanent disability, 14,369 permanent partial disability, 122,080 temporary total disability, and 512,773 medical only cases.

With the beginning of the Compensation Act, the Commission realized that something should be done in the field of industrial safety to improve working conditions and create a safety minded attitude on the part of employers and employees. With this thought in mind the First Annual Statewide Industrial Safety Conference was organized in 1930, with the first meeting held in High Point. This was the first such Safety Conference in the entire South. Since that time, several southern states have started similar programs. The Statewide Safety Conference has been held each year since the beginning, and has increased in size and interest each year.

In 1936 it appeared to the Commission that the textile industry of the state could make an improvement in its accident record. The present Chairman conferred with the late J. A. Long, then President of the North Carolina Cotton Manufacturers' Association, and suggested a Statewide Textile Safety Contest might be of some value. This contest was begun that year with 173 textile mills participating, working 59,977 employees for a total of 33,187,587 hours. The Ninth Annual (1944) Contest had an enrollment of 395 mills employing 135,616 employees working 190,412,498 hours. During the time this contest has been operating the compensation insurance rate for cotton spinning and weaving has been reduced from 72c to 56c—a savings of 16c on each $100 annual payroll of the industry. The contest has grown to such size that now almost 97% of the textile mills in the state participate.

The Textile Safety Contest created so much favorable comment that the hosiery and furniture industries requested the Commission to start a similar contest for their industries. This was done in 1942, and each year has shown a decided increase in size and interest.

Realizing that safety training was the foundation of any good safety program, the Commission in July, 1942, began offering supervisory personnel of industry of the state a 10-hour Industrial Safety Course. This was an immediate success. To date more than 3,600 persons have been enrolled in this course.

The Commission engages in many other safety activities, all from the standpoint of educating employees and employers in safe working methods.

Some of these activities are: Organizing plant safety committees; assisting in plant safety contests; showing and loaning of safety film; individual accident surveys for those plants making poor safety records; speaking before safety committees, plant executives, civic organizations; publishing the monthly "Safety Bulletin," and other educational safety work.

According to Keech *On Workmen's Compensation in North Carolina*, the ratio of rural to urban population in North Carolina in 1900 was nine to one. In 1930 this ratio had been reduced to three to one, and the state's population increased 43.7 percent between 1910 and 1930, with a gain of 73 percent for those employed in business establishments.

According to the World Almanac there was an increase in the number of industrial wage earners of 4,970 from 1929 to 1939 in the states of South Carolina, Alabama, Tennessee, Mississippi, Virginia, Florida, Georgia and Kentucky, while in North Carolina during the same period there was an increase of 61,974—from 208,068 in 1929 to 270,042 in 1939—or an increase of a little more than 12 times the other eight southern states.

The Industrial Commission cooperates very closely with the State Vocational Rehabilitation Division of the Department of Public Instruction by referring to the division all requests for lump sum settlements and the seriously permanently injured cases. Outstanding results have been obtained in many cases. Widows have been assisted in buying homes. Through rehabilitation some permanently injured workers are actually earning more today than before being injured.

In 1935 the Compensation Law was amended to cover a comprehensive list of 25 occupational diseases, North Carolina became the first state in the South to incorporate occupational diseases and the first in the United States to specifically cover silicosis and asbestosis.

In 1943 the maximum weekly compensation was increased from $18.00 to $21.00 per week and the number of weeks increased for the loss of certain members.

The following tabulation shows the amount of compensation allowed for certain members of the body before and after March 6th, 1943, at the maximum rate, the difference in amounts and the percentage increase of money to the injured worker:

MAXIMUM COMPENSATION

	$18.00		$21.00		Difference	Percent Money Increase
	Number Weeks	Compensation	Number Weeks	Compensation		
Hand	150	$ 2,700	170	$ 3,570	$ 870.00	32.2
Arm	200	3,600	220	4,620	1,020.00	28.3
Foot	125	2,250	144	3,024	774.00	34.4
Leg	175	3,150	200	4,200	1,050.00	33.3
Eye	100	1,800	120	2,520	720.00	40.0
Thumb	60	1,080	65	1,365	285.00	26.4
First Finger	35	630	40	840	210.00	33.3
Second Finger	30	540	35	735	195.00	36.1

In conclusion, the Industrial Commission started a campaign July 1st, 1944, to bring about the prompt payment of compensation. In November 46.92 percent of the compensable claims were paid within 21 days from the date of the accident, and 23.88 percent were paid within 14 days. Contrast this with the annual report of one casualty company a few years ago showing 15 common law cases pending nine years or longer, 107 for six years and 327 for five years, 561 for four years, 1,213 for three years and 2,436 for two years.

SAFETY NOTES

1. New Publication

American industry has exhausted practically every source of manpower save one, and that is the reserve now wasted by industrial accidents, war plant management was told with the announcement of a new publication, *Safety Through Management Leadership*, issued in connection with the United States Labor Department's drive for a million fewer job accidents.

Directed to smaller war plants which can seldom afford—and now cannot hire—trained safety engineers, the publication cites actual experience in plants of varying sizes in organizing for safety.

Copies may be secured from the Division of Labor Standards, U. S. Department of Labor, Washington 25, D. C.

2. Industrial Safety Chart Series

The Division of Labor Standards is cooperating with *Mill & Factory* on a series of industrial safety charts designed to promote safe working practices around common types of industrial equipment. The first of the series which has already been issued is on drill presses. Subsequent issues published monthly and to be continued indefinitely, are planned to cover circular saws, power trucks, lathes and other types of industrial equipment.

These charts should be particularly useful in employee training and educational programs, for mounting on bulletin boards, for reproduction in house organs and trade pbulications, in safety training manuals and other related ways. Copyright restrictions have been waived so that the charts may be reproduced, enlarged or used in any way that will make them more effective. They may be obtained from either *Mill & Factory*, 205 E. 42nd St., New York 17, N. Y. (with the name of any other organization on them as desired); or the Superintendent of Documents, Government Printing Office, Washington 25, D. C.

A CORRECTION

In the article on page 29 of this issue, "Manpower Priorities Referral Plan in Operation in State," the by-line was omitted through error. The article was written by Dr. J. S. Dorton, State Director, War Manpower Commission.

Post War Unemployment

By Silas F. Campbell, Supervisor, U. C. C. Bureau of Research and Statistics

Looking more directly at the problems of post-war employment all sorts of predictions have been made as to the volume of unemployment expected to result from the termination of war contracts. Such estimates have ranged from 6 to 19 million. Since North Carolina has 2.52 percent of the national labor force it might also be expected to sustain 2.52 percent of the unemployment burden.

However, it must be borne in mind that North Carolina occupies a specially favorable position with respect to stability of employment. Being a producer largely of consumer goods, the purchase of which is mandatory, employment, both during depression and prosperity, has been at a higher level than in those areas devoted largely to the manufacture of durable goods, the replacement of which is in large measure optional. Official records indicate that during the depression years of the thirties, and since, unemployment in North Carolina has been relatively 20 percent below the national level.

It may be expected, therefore, that the effect of cut-backs in industrial production will strike North Carolina business with less severity than is predicted for the country as a whole, and that, within the limits of its own products, if freed from continued restrictions, the degree of inflation may depend largely upon the ability of industry to satisfy the accumulated consumer demand, except perhaps for cotton textiles which may be supplanted to an unknown extent by materials born in the laboratory.

Localization of the problem of post-war unemployment, both as to volume and industrial characteristics, will be needful for those charged with the responsibility of hastening post-war readjustments.

For workers in war plants, or in expanded industries, this presents no special difficulties since they are regularly reported by areas to the Commission in the usual course of business. However, the most important segment of the labor force from the standpoint of reemployment will be the discharged service men from North Carolina who will exceed 45 percent of the entire non-agricultural labor force of the state, and more than 55 percent of the number engaged in covered employment in 1943. Without some knowledge of where they came from and a general understanding of their industrial background it will be difficult to plan intelligently for their reorientation into the industrial life of the state.

It is known what percent of the labor force, based on the 1940 census, was engaged in covered employment; what percent in agricultural work and what percent in schools, professions or other non-covered employment. By taking the 1940 labor force by counties it has also been possible to make an allocation of the probable number to be released after the war from covered employment in each county.

In the table these percentages are also used for making an arbitrary distribution of the men to be released from military service. When information becomes available as to the number discharged for any county it will be possible, by applying the percentages given, to estimate the number who may be expected to return to agriculture, the number who would probably seek employment in covered industries, and the probable number from schools, professions, personal service or non-covered employment. In the meantime this table will serve as the best estimate it is now possible to make, since it is generally known that more than 300,000 have been inducted from North Carolina.

The result of this arbitrary interpolation of percentages with aggregates to arrive at a final estimate of unemployment may be summed up on a statewide basis upon the hypothesis that 28.98 percent of the unemployment will represent agriculture, 42.86 percent covered industries, and 28.16 percent schools, professions, personal service and other non-covered activities. The percentages for each county are indicated in columns two, three and four.

In column five of the table is an estimate of the number who may be released from covered employment due to a cessation of war production. This represents the actual increase in employment in each county since 1940, and it will be noted that in 13 counties employment was less in 1943 than in 1940.

To the figures in column five has been added an estimate of the number of service men who may be expected to seek non-agricultural employment. This is shown in column six as the total estimate of non-agricultural unemployment in the first post-war year, based on simultaneous demobilization. Gradual demobilization, or the extension of the war in one area for a longer period than in another area would obviously reduce this number.

It will be seen that the problem will be more acute in some areas than others, and that the character of the problem changes with the industrial characteristics of the area. For instance, in the mountain county of Transylvania, an area not usually associated with extensive industrialization, it will be noted that 78.76 percent of all men who may be discharged from military service presumably come from covered employment, and only 19.65 percent from agriculture, whereas, in Johnston County with its extensive commerce, textile plants, and numerous small towns, only 13.15 percent of its service men are presumed to have come from covered employment, and more than 60 percent from agriculture. Another striking contrast in the same industrial area is furnished in the counties of Durham and Wake. With a difference in the estimated number to be released from non-agricultural employment (including service men in that category) of only 374, it is estimated that as to Durham County more than 70 percent will have come from covered employment, and only 23.64 percent from schools, professions and non-covered employments; whereas, in Wake County, only about 35 percent will have come from covered employment, and nearly half from schools, professions, and non-covered employment.

ESTIMATE OF MAXIMUM UNEMPLOYMENT IN FIRST POST-WAR YEAR—NORTH CAROLINA*

	Average Covered Employment 1943	Estimated Distribution Releases From Military Service — Percentage of Total From			Estimated No. Workers Released From Covered Employment 1945 [2]	Total Estimate Non-Agricultural Unemployment	Ratio to 1940 Non-Agricultural Labor Force (923028)
		Agriculture	Covered Employment	Other			
STATE TOTALS	**577,020**	**28.98[1]**	**42.86[1]**	**28.16[1]**	**107,844**	**335,209**	**36.32**
Mountain Region	**69,052**	**29.64**	**32.69**	**37.67**	**12,938**	**54,485**	**38.00**
Asheville	19,831	16.43	39.67	43.90	3,566	15,370	37.86
Buncombe	19,683	10.35	44.29	45.36	3,513	14,791	
Madison	148	65.94	1.98	32.18	53	579	
Bryson City	3,248	36.28	13.21	50.51	539	5,409	[9]
Graham	374	29.74	23.36	46.90	51	557	
Jackson	794	38.26	13.01	48.73	[8]	1,130	
Macon	509	41.58	10.17	48.25	105	943	
Swain	335	28.79	9.52	61.69	131	1,057	
Cherokee	1,144	32.64	16.79	50.57	252	1,464	
Clay	92	53.83	5.78	40.39	[8]	258	
Hendersonville	5,858	28.17	38.30	33.53	1,098	5,233	[9]
Henderson	2,296	28.36	25.88	45.76	188	2,303	
Transylvania	2,879	19.65	78.76	1.59	910	2,152	
Polk	683	38.24	17.68	44.18	[8]	778	
Lenoir	8,450	14.76	62.14	23.10	1,953	5,079	47.59
Caldwell	8,450	14.76	62.14	23.10	1,953	5,079	
Morganton	11,868	16.15	49.70	34.15	2,060	7,243	39.20
Burke	7,755	15.73	49.54	34.73	1,178	4,251	
McDowell	4,113	16.74	49.92	33.34	882	2,992	
Mount Airy	7,903	49.92	30.09	19.99	1,500	4,801	35.98
Surry	7,689	37.42	49.30	13.28	1,500	3,957	
Stokes	111	75.55	1.61	22.84	[8]	322	
Yadkin	103	61.30	1.92	26.78	[8]	522	
North Wilkesboro	5,374	46.14	16.18	37.68	1,091	5,212	28.87
Alexander	1,248	46.74	28.49	24.77	397	981	
Alleghany	153	54.21	3.51	42.28	83	310	
Ashe	260	52.64	3.31	43.05	34	668	
Watauga	359	52.18	6.04	41.78	[8]	709	
Wilkes	3,354	39.22	23.47	37.31	577	2,544	
Spruce Pine	2,328	41.48	14.87	43.65	436	2,486	29.77
Avery	527	39.74	11.30	48.96	199	873	
Mitchell	1,413	32.08	25.41	42.51	97	892	
Yancey	388	52.13	8.00	39.87	140	721	
Waynesville	4,192	24.87	35.83	39.29	695	3,652	43.79
Haywood	4,192	24.88	35.83	39.29	695	3,652	
Piedmont Plateau	**377,987**	**20.45**	**53.95**	**25.60**	**50,726**	**189,598**	**33.94**
Albemarle	9,869	23.55	52.58	23.87	1,643	5,272	36.57
Montgomery	2,316	30.31	42.83	26.84	516	1,615	
Stanly	7,553	20.19	57.43	22.38	1,127	3,657	
Asheboro	10,410	28.81	41.43	29.76	1,034	4,787	25.95
Chatham	2,011	43.65	24.06	22.29	118	978	
Randolph	8,399	22.74	48.53	28.73	916	3,809	
Burlington	19,764	13.43	77.14	9.43	69	5,677	25.71
Alamance	19,764	13.43	77.14	9.43	69	5,677	
Charlotte	49,737	12.67	60.72	26.61	11,058	30,133	43.05
Mecklenburg	47,737	6.44	68.08	25.48	10,669	28,300	
Union	2,000	51.83	14.46	33.71	389	1,833	
Concord	25,805	9.23	90.77	0	0	6,226	24.77
Cabarrus	25,805	9.23	90.77[3]	0	[1]	6,226	

ESTIMATE OF MAXIMUM UNEMPLOYMENT IN FIRST POST-WAR YEAR—NORTH CAROLINA—(CON.)

	Average Covered Employment 1943	Estimated Distribution Releases From Military Service — Percentage of Total From			Estimated No. Workers Released From Covered Employment 1945 [2]	Total Estimate Non-Agricultural Unemployment	Ratio to 1940 Non-Agricultura Labor Force (923028)
		Agriculture	Covered Employment	Other			
Durham	28,389	19.87	55.81	24.32	4,908	15,198	35.41
Durham	22,807	5.99	70.37	23.64	3,321	11,270	
Orange	2,964	30.20	26.28	43.52	1,422	3,227	
Person	2,618	70.20	29.80[4]	0	165	701	
Gastonia	35,853	13.87	79.21	6.92	7,569	18,554	46.89
Gaston	32,315	7.94	87.36	4.70	6,891	16,611	
Lincoln	3,538	42.39	40.05	17.56	678	1,943	
Greensboro-High Point	43,924	8.66	65.35	25.99	2,397	18,314	29.07
Guilford	43,924	8.66	65.35	25.99	2,397	18,314	
Henderson	6,160	47.97	22.71	29.32	839	3,696	25.49
Granville	1,300	57.50	14.27	28.23	228	1,018	
Vance	3,994	33.02	36.46	30.52	339	1,893	
Warren	866	60.87	10.35	28.78	272	785	
Hickory	14,953	16.83	71.79	11.39	2,358	7,069	39.89
Catawba	14,953	16.82	71.79	11.39	2,358	7,069	
Lexington-Thomasville	12,166	17.55	58.57	23.89	1,807	6,045	35.60
Davidson	12,166	17.54	58.57	23.89	1,807	6,045	
Raleigh	19,014	35.22	27.32	37.46	3,271	14,118	37.80
Franklin	1,284	61.13	10.88	27.99	530	1,139	
Wake	15,036	21.40	35.28	43.32	2,342	10,896	
Johnston	2,694	60.79	13.15	26.16	399	2,083	
Reidsville-Spray	11,977	34.77	39.94	25.29	2,405	6,731	36.55
Caswell	203	70.86	4.14	25.00	[3]	371	
Rockingham	11,774	26.19	48.45	25.36	2,405	6,360	
Rockingham	11,442	33.08	36.39	30.53	2,419	7,209	33.49
Anson	2,025	46.08	21.37	32.55	348	1,439	
Richmond	6,080	20.09	41.05	38.86	1,202	3,907	
Scotland	3,337	43.18	44.76	12.06	869	1,863	
Rutherfordton	7,364	29.87	43.29	26.83	1,204	4,181	[5]
Rutherford	7,364	29.88	43.29	26.83	1,204	4,181	
Salisbury	11,775	16.70	36.45	46.85	1,246	8,507	30.16
Davie	1,608	41.44	34.31	24.25	271	1,036	
Rowan	10,167	12.34	36.82	50.84	975	7,471	
Sanford	6,283	29.84	31.68	38.48	1,743	4,598	36.12
Lee	2,645	35.04	34.64	30.32	1,020	2,144	
Moore	3,638	25.97	29.48	44.55	723	2,454	
Shelby	8,743	34.34	39.31	26.35	652	4,203	29.57
Cleveland	8,743	34.34	39.31	26.35	652	4,203	
Statesville	11,005	27.48	57.31	15.20	3,293	6,636	47.68
Iredell	11,005	27.49	57.31	15.20	3,293	6,636	
Winston-Salem	33,354	6.79	57.24	35.97	811	12,444	23.29
Forsyth	33,354	6.79	57.24	35.97	811	12,444	
Coastal Area	**114,076**	**45.74**	**27.41**	**26.85**	**44.180**	**91,126**	**41.23**
Elizabeth City	7,330	35.79	26.82	37.39	3,102	6,775	43.50
Camden	14	56.43	1.14	42.43	[3]	139	
Chowan	2,214	48.54	44.51	6.95	1,461	1,838	
Currituck	150	54.73	7.75	37.52	26	249	
Dare	232	19.79	11.24	68.97	99	842	
Yates	97	64.02	4.63	31.35	[3]	241	

ESTIMATE OF MAXIMUM UNEMPLOYMENT IN FIRST POST-WAR YEAR—NORTH CAROLINA—(CON.)

	Average Covered Employment 1943	Estimated Distribution Releases From Military Service — Percentage of Total From			Estimated No. Workers Released From Covered Employment 1945 [2]	Total Estimate Non-Agricultural Unemployment	Ratio to 1940 Non-Agricultural Labor Force (923028)
		Agriculture	Covered Employment	Other			
Pasquotank	4,270	17.28	46.91	35.81	1,499	3,206	
Perquimans	353	52.02	12.11	34.87	17	260	
Fayetteville	13,036	42.07	24.94	32.99	851	7,886	24.07
Cumberland	7,685	19.72	33.24	47.04	[3]	4,190	
Harnett	3,748	49.91	29.14	20.95	560	2,296	
Hoke	422	62.56	8.83	28.61	82	416	
Sampson	1,181	69.80	7.95	22.25	209	984	
Goldsboro	7,515	52.51	22.35	25.14	2,544	5,839	25.15
Duplin	1,048	67.42	7.59	25.49	318	1,191	
Wayne	6,467	43.14	31.65	25.21	2,226	4,648	
Greenville	3,075	52.53	14.81	22.66	86	2,066	18.94
Pitt	3,075	52.53	14.81	22.66	86	2,066	
Kinston	4,170	50.81	18.74	30.45	1,013	3,081	29.97
Greene	25	80.42	0.52	19.06	[8]	184	
Lenoir	4,145	42.34	23.98	33.68	1,013	2,897	
Lumberton	6,377	57.01	18.34	24.65	1,803	5,015	32.95
Bladen	1,977	52.35	22.41	25.24	564	1,335	
Robeson	4,400	58.29	17.21	24.50	1,239	3,680	
New Bern	11,751	46.19	33.57	20.24	7,231	11,632	73.74
Carteret	1,020	34.23	17.34	48.43	219	1,672	
Craven	5,912	32.79	67.21[5]	0	2,543	4,325	
Jones	56	70.08	1.09	28.83	21	269	
Onslow	4,594	68.36	31.64[5]	0	4,375	4,894	
Pamlico	169	53.10	6.27	40.63	73	472	
Roanoke Rapids	9,291	46.10	29.18	24.73	1,242	4,571	24.68
Halifax	7,370	39.10	39.52	21.38	943	3,240	
Hertford	1,357	50.85	19.66	29.49	216	751	
Northampton	564	62.24	7.41	30.35	83	580	
Rocky Mount	10,412	45.96	28.67	25.37	1,605	5,525	26.99
Edgecombe	4,253	43.27	24.49	32.24	410	2,255	
Nash	6,159	48.15	32.09	19.76	1,195	3,270	
Washington	5,678	53.57	16.49	29.94	926	4,651	25.49
Beaufort	1,988	46.76	16.68	26.56	281	1,839	
Bertie	812	61.79	8.20	30.01	239	777	
Hyde	0	100.00	0	0	0	0	
Martin	1,325	57.31	17.30	25.39	222	894	
Tyrrell	118	36.21	9.51	44.28	[8]	261	
Washington	1,435	33.70	38.83	27.47	184	880	
Wilmington	32,589	33.90	49.26	16.84	23,318	31,494	100.00
Brunswick	364	47.05	8.33	44.62	13	917	
Columbus	1,898	61.32	13.69	24.99	194	1,606	
New Hanover	29,714	6.27	93.73[1]	0	21,905	27,257	
Pender	613	60.99	7.66	31.35	206	714	
Wilson	3,852	44.82	20.13	35.05	459	2,591	25.55
Wilson	3,852	44.82	20.13	35.05	459	2,591	
Out-of-State	14,905				[8]		

[*] Based on Complete Demobilization and simultaneous conclusion of War in European and Pacific Areas.
[1] Based on ratio of employment in this category in 1940 to total labor force in 1940.
[2] Total increase in covered employment from 1940 to 1943.
[3] Actual percentage 103.58.
[4] Actual percentage 31.28.
[5] Actual percentage 83.44.
[6] Actual percentage 198.98.
[7] Actual percentage 125.60.
[8] Declined from 1940.
[9] Coverage not comparable because of shift in area served.

U. C. C. Operations

1945 TAX SAVINGS TO EMPLOYERS OF FOUR AND ONE-HALF MILLION DOLLARS

Because of rate reductions allowable under our state law, North Carolina employers will save over four and a half million dollars this year. The tabulation of employer accounts which will benefit by the plan of experience rating shows that 5,022 employers—or nearly three-quarters of all accounts which could be considered for rate reduction—will share in an estimated saving of $4,596,012. Because of rate reductions, the average effective rate of payroll tax supporting the unemployment compensation fund will be 2.08 percent for this year, instead of the standard rate of 2.7 percent.

The largest group to effect a saving are those 1,124 employers who will pay a rate of 1.39 percent for 1945. Their payrolls, which average $105,000, represent 15.9 percent of the total payroll. This group will save $1,551,988 in 1945 or a third of the total saving. The number who will pay the maximum rate this year dropped from 4,402 in 1944 to 3,457 for 1945, notwithstanding an increase in the number of experience rating accounts. The number of employers paying the minimum tax of 0.27 percent of payroll for 1945 is 277, or 224 more than in 1944.

An employer is eligible for consideration as to rate reduction if contributions have been payable to his account for the three preceding years, but can obtain a reduction only if his reserve balance exceeds 2.5 percent of his payroll for the last three years and is five times the largest amount of benefits paid from such account within any one of the three preceding years. Experience rating will have been in effect in North Carolina for three years with the close of the present year. While the annual decline in average rate has not been precipitate, employers have effected savings amounting to $7,000,000. This is the difference between what they did pay and what they would have paid if all tax contributions to the Unemployment Compensation Fund were made at the standard rate of 2.7 percent of payroll.

During 1943, the first year experience rating was in effect, 1,559 firms obtained a reduced rate and the average for the state was 2.63 percent. This produced a net saving to employers of $448,251. Almost 20 percent of all active reserve accounts shared in this amount, and 25 percent of all accounts which were eligible for classification.

In 1944, the number of accounts entitled to reduced rates was 3,536, or 44.5 percent of all active accounts, and 53 percent of all rated accounts. The average rate was 2.44 percent of payroll and the saving to employers was $1,894,791.

During 1945, it is estimated that the average rate will be 2.08 percent, based on taxable wages equal to the 1944 payroll, and that employers will save $4,596,012 by rate reductions. This will be shared by 5,022 employers, or 59.2 percent of all active accounts, and 77.5 percent of all accounts which could be considered for rate reductions. Of the 8,479 active accounts, 1,592, or 19 percent, have been paying contributions for less than three years and consequently were ineligible.

While there is no present basis for estimating the effective average rate for 1946, it appears likely, should payrolls remain at their present level and no severe cut-backs occur to increase the claim load, that the average rate for 1946 may fall to 1.5 percent, producing savings to employers of approximately $8.9 millions.

The classification of employer accounts for experience rating in 1945 listed 8,479 active reserve accounts, of which 1,592 were not rated because of shortness of operation under the law. Of the 6,532 accounts rated, 5,022 received reduced rates. The total number of accounts, both rated and unrated, which will pay at the standard rate of 2.7 percent during 1945 is 3,457. Seventy employers will pay more this year than in 1944, although all but seven of them will do so at rates below the standard. There are 500 accounts with reserve overdrafts.

The number of employer reserve accounts by 1945 rate classes is as follows:

Number of Units	*Effective Rate*	*Percent of Total*
8,479	2.08	100.
3,457	2.7	40.77
755	2.5	8.9
927	2.13	10.93
940	1.76	11.09
1,124	1.39	13.26
695	1.02	8.20
304	.65	3.59
277	.27	3.26

COMPENSABLE AND NON-COMPENSABLE CLAIMS

Not all covered workers who become unemployed and file claims for compensation are eligible for benefits. There are many reasons for this, the most important from a numerical point of view being an insufficient amount of wage credits reported for the claimant's base-period year, that is earnings of less than the $130 minimum requirement. Also, since a claimant's first week of unemployment is not compensable, it is necessary for the Commission to handle a considerable number of claims which do not result in benefit payments.

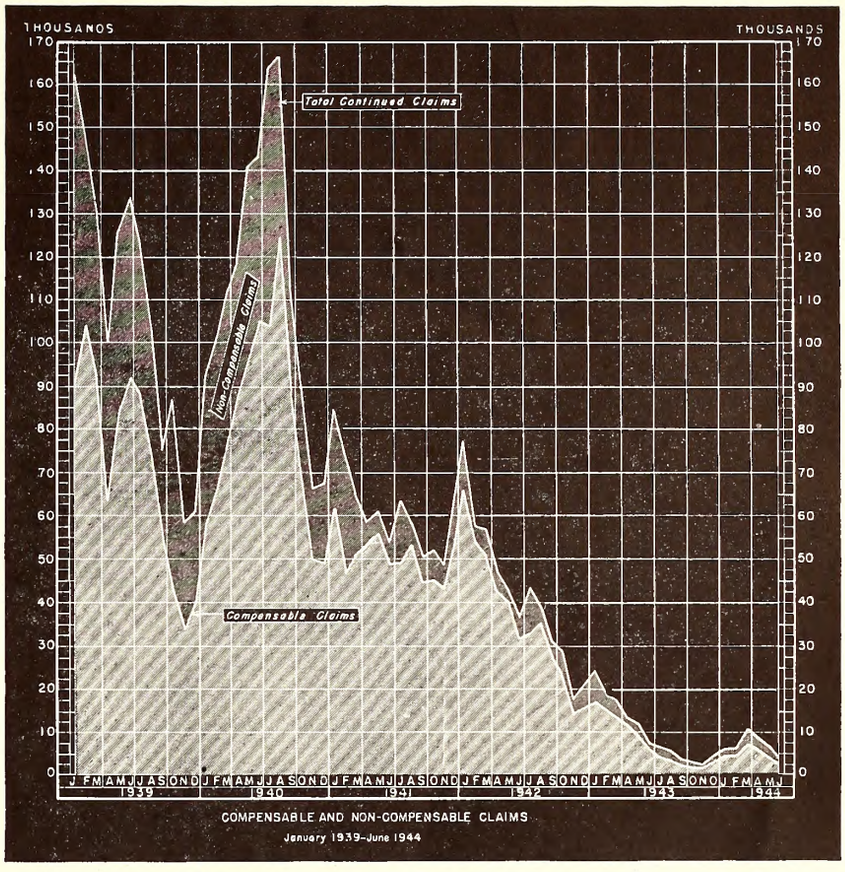
Initial claims, although not compensable, are necessary to establish the claimant's benefit year, the base-period year, and the amount of the weekly benefit that might be payable. Subsequent or continued claims, too, for various technical reasons, are not all compensable.

The amount of work which the Commission has to perform in order to determine who is and who is not entitled to benefit payments, is indicated by the ratio of initial claims to compensable claims, and by the ratio of non-compensable to compensable claims. By an examination of the yearly average ratios, it is seen that the proportion of this work, with one or two exceptions, has declined each year, but hardly in proportion to the decline in the claim load.

In January 1939 for every 100 compensable claims filed, there were 42 initial claims which were not compensable after the claimant had served the waiting period of two weeks. Likewise, there were 80 claims which were not compensable for other reasons. In other words, for every 100 claims which resulted in the payment of benefits, it was necessary to process 122 additional claims.

For the whole year 1939, the amount of this labor declined to an average of 81 non-compensable claims for every 100 compensable claims. For 1940, the ratio was 72 non-compensable for every 100 compensable claims; for 1941, 45;[1] for 1942, 35; for 1943, 56; and for the first half of 1944, 61. The average for the 66 month period was 28.2 initial claims and 35.5 otherwise non-compensable claims for each 100 compensable claims, or a total of 63 non-compensable claims for each 100 claims in which benefits were paid.

It appears that the ratio of non-compensable claims reached a minimum in 1942 with 22 initial and 14 non-compensable continued claims, or a total of 36 non-compensable for every 100 compensable claims. The trend in the ratio of non-compensable claims has been upward since 1942. In July 1943, which marked the establishment of a new base period year, the ratio of 113 non-compensable claims for every 100 compensable claims was the highest of any month of the 66 with the exception of the first month, January 1939. The relation between compensable and non-compensable claims is graphically presented in the accompanying chart.



U. C. C. CUTS OUT RED-TAPE REPORTING FOR EMPLOYERS—OVER 3,000,000 SEPARATE FORMS TO BE ELIMINATED

After three years of effort devoted to simplifying the system by which this state's employers are required to report wages to the Unemployment Compensation Commission, the Commission announces that beginning with reports due for 1945, employers will be able to make out a single list form, which may be a carbon copy of their wage report to the Federal Government, thereby eliminating the necessity of filing some 782,000 separate wage slip reports for individual employees each quarter—or more than three million annually. Letters of explanation were mailed to employers throughout North Carolina.

Back of this announcement lies a dramatic story of "if at first you don't succeed, try, try again." For nearly four years the Commission has been delayed in its attempts to set up this new system of employer reporting, which involves the use of certain mechanical equipment and specially trained operatives to do the vast job of verifying, sorting and filing wage records for individual workers.

Since early in 1941, the Commission has had under consideration its new plan permitting employers to report wages paid to individual workers on a list report instead of submitting separate wage slip reports for each worker. In December of that year a questionnaire was sent to all covered employers asking their preference between list and slip reporting. The result showed that North Carolina employers with more than 95 percent of the state's covered workers preferred the list form. A detailed proposal for list reporting was then framed, but failed to receive approval from state authorities until April of 1942. The Commission immediately made application to the War Production Board for a priority rating to rent the required mechanical equipment, only to have it denied in July of 1942.

Not until June of 1944, did the Commission finally obtain a priority rating by virtue of which it could acquire the use of International Business Machines. Part of those ordered have already arrived at the Commission's headquarters in Raleigh, and the Commission has instituted an on-the-job training program for ten members of its present personnel as operators.

The new form for list reporting which is going into effect has been designed in such a way that employers may make out their state Unemployment Compensation reports simply by duplicating their regular reports to the Federal Bureau of Old Age and Survivors' Insurance.

Beginning with reports of wages paid in 1945, slip reporting will be a thing of the past. No longer will the Commission's Wage Record Unit receive a quarterly deluge of nearly 800,000 wage slips. Instead, employer reports will come in the list form,

[1]The Legislature of 1941 reduced the numbers of required waiting period weeks from two to one.

and machine recording will in large part replace the old method of hand-processing the records. The International Business Machine installation which is to be used is being considerably expanded. The original installation was limited to numerical processing, but with the additions now coming in, it will be possible for the Commission to do both numerical and alphabetical processing mechanically.

The first step in getting ready for the new method is to establish a numeric punched card for each individual assigned a social security account number in any one of the North Carolina field offices. This means that approximately one and three-quarter million cards must be punched between now and April 30, 1945. The job is started and over 20,000 cards are being punched each day.

Insofar as the Unemployment Compensation Commission is concerned, there will be no great saving of labor; there is still the same amount of individual wage record-keeping to be done. The major saving will be to the state's employers who make out the original reports.

THE COURSE OF UNEMPLOYMENT

With regard to the extent of unemployment from time to time, one of the best measures is the number of checks issued weekly by the Commission to qualified beneficiaries. These numbers have fluctuated widely in the past.

At one period in the history of the Commission, when the economic situation in the state was greatly depressed during 1938, as many as 140,000 workers were drawing benefit checks. The highest level of unemployment during the last few years was reached in August of 1940, when an average of 28,856 workers were receiving weekly checks.

Since this country embarked on its war production program, claim loads have dwindled steadily. The weekly average of the number of benefit payments made for each month since the beginning of 1942, as shown in the table, indicates clearly the war-time trend as to the number of jobless workers in this state.

By June of 1942, the number of unemployed in North Carolina had fallen below any previously recorded level. The number continued to decline, with almost every month signalling a new low in unemployment, through November of 1943. In that month, unemployment, as indicated by an average of 493 weekly benefit checks paid throughout the state, probably touched bottom. About half of the local employment offices had been reporting no new claims. The number of workers without jobs then may be regarded as the irreducible minimum.

The claim load increased slightly from November of 1943 through March of 1944, due primarily to seasonal lay-offs in certain industries. However, the number of weekly benefit checks still placed the level of unemployment at slightly more than half of what it had been the previous year, and about one-seventh of what it had been two years before.

The 1944 trend in unemployment followed the pattern of 1942 and 1943, declining through the spring, summer and fall months. Until there is some change in the current employment situation, unemployment may be expected to remain close to the vanishing point.

Prognostications as to the unemployment that may be expected to accompany post-war economic readjustments vary, both as to amount and as to time. But they all agree in indicating that the extent of post-war unemployment will likely include many more workers than any previous number of beneficiaries to whom the Commission has sent weekly checks.

Altogether, through December 30, 1944 the value of such benefit payments made to workers has totalled $24,609,016.97. It is estimated that more than 300,000 different North Carolina men and women, temporarily without jobs, have shared in this sum.

AVERAGE NUMBER OF WEEKLY BENEFIT CHECKS

	1942	1943	1944
January	13,483	3,608	1,030
February	11,334	3,031	1,053
March	10,705	2,972	1,625
April	9,104	2,639	1,496
May	8,449	1,946	1,073
June	6,818	1,307	603
July	7,008	1,008	517
August	7,351	865	515
September	5,395	611	526
October	4,750	519	487
November	2,982	493	449
December	3,194	733	416

U. C. C. RESEARCH & STATISTICS BULLETINS

Experience Rating in North Carolina, 1945

Analysis of the Benefit Formula

Employment by Industry and County, 1943 (Confidential)

N. C. Business Index and Review of 1944

Duration of Unemployment Classified by Weekly Benefit Amount for 1942-43, 1943-44.

FOREST PRODUCTS REPORT

A far-reaching post-war program for better utilization of North Carolina's forest products, now suffering the ravages of waste, is suggested in a report recently completed for the Department of Conservation and Development by Egon Glesinger, Polish forestry engineer. The report offers a "new approach," and outlines a program including the creation of new outlets, mobilization of additional wood supplies by better forest and factory methods, and the rationalization of existing wood industries.

Manpower Priorities Referral Plan in Operation in State

The Priorities Referral Plan, which became effective on a nation-wide scale July 1, 1944, is another important step in extension of the Employment Stabilization Program of the War Manpower Commission with the sole purpose of supplying more manpower for urgent war and war-supporting activities and in the order of the war urgency.

In North Carolina, the Priorities Referral Plan was set up on a state-wide basis, rather than on a War Manpower Commission administrative area basis. This has proved desirable and beneficial in North Carolina.

Back of the Priorities Referral Plan and making it effective are two groups of Governmental representatives, or committees: the Production Urgency Committee, composed of representatives of the federal procurement agencies seeking to supply war goods and equipment for the war and war-supporting activities; and the Manpower Priorities Committee, which strives to furnish manpower for operation of the activities in the order of their war urgency, as determined by the Production Urgency Committee.

Membership of these two committees is identical, but the chairman of the Production Urgency Committee is the district manager of the War Production Board, Thomas J. Love, Raleigh, and the chairman of the Manpower Priorities Committee is the state director of the War Manpower Commission, Dr. J. S. Dorton, Raleigh. When the Production Urgency Committee completes its work, at any meeting, it adjourns and the Manpower Priorities Committee convenes immediately.

The purpose of the Production Urgency Committee is to reduce the need for manpower in the State to the lowest possible figure consistent with scheduled production of essential products and to see that the existing manpower in the area is not diverted from essential to non-essential uses. The four major functions it performs are: (1) Establishes and revises plant urgency ratings; (2) Redistributes production by subcontracting or removing from the State; (3) Reviews applications for new facilities projects in the State; (4) Controls the resumption or expansion of civilian production in the State.

The Production Urgency Committee, in the performance of its functions, and through its members, representing the various procurement agencies, checks on the plants with contracts for war and civilian goods, determines the relative urgency of the products or services and assigns a production urgency rating for such plants in the State.

The Manpower Priorities Committee, composed of the same members as the Production Urgency Committee, is an advisory body which is authorized to make recommendations to the chairman as to priority ratings to be assigned.

In connection with establishment of employment ceilings and priorities, members of the Manpower Priorities Committee supply information on the status of production schedules, except where this information is supplied by the Production Urgency Committee; determine reasons for production lags; and supply and review information as to manpower requirements of firms requesting manpower priorities.

Members of the committees assist in securing maximum utilization of manpower in the State, report factors tending to increase manpower needs, make surveys of manpower utilization and help local plants in solving their manpower problems.

Finally, the committees, after careful study of former records and on the basis of present needs, recommend employment ceilings—the maximum numbers of workers plants may employ—and the priorities for all of the plants in the state.

Because conditions are rapidly changing, due to terminations of contracts, securing new contracts, changes in local labor market conditions, and other causes, the joint committees meet at two week intervals to take action necessary to meet any changes in the status of war producing plants in the state. Meetings are held in Raleigh generally, but are shifted to other sections of the state when conditions justify it.

Membership is confined to federal procurement agencies and Selective Service. The members may, when unable to attend themselves, have alternates as voting members at the meetings. Other federal agencies interested in manpower have advisory members. The agencies represented and the representatives designated to represent them in the joint committees, follow:

War Manpower Commission, Dr. J. S. Dorton, state director, Raleigh.

War Production Board, Thomas J. Love, district manager, Raleigh; alternate, R. E. Ball, Raleigh.

War Department, Major Paul E. Werner, Wilmington; alternate, Lt. M. M. Goodman, Charlotte.

Navy Department, Lt. Commdr. C. W. Lombard, Charleston, S. C.; alternate, Lt. E. H. Haworth, Raleigh.

Maritime Commission, W. G. Stevens, Jr., Philadelphia.

Selective Service, Major Hugh L. Caveness, Raleigh.

Smaller War Plants Corporation, C. E. McCallum, Charlotte; alternate, E. R. McCracken, Charlotte.

Aircraft Resources Control Office, Lt. Col. Edward A. Wine, Raleigh; alternate, Samuel Ross, Raleigh.

Office of Defense Transportation, H. R. Roseman, Raleigh, and E. R. Manneschmidt, Charlotte.

War Food Administration, Dr. I. O. Schaub, Raleigh, and Hillman Moody, Raleigh.

Office of Civilian Requirements, R. W. White, Jr., Charlotte.

Civil Service Commission, J. J. Currin, Charlotte.

The committees, since they began to function, early in July, had rated, given priority status to and established ceilings for 28,551 firms in North Carolina through November, 1944. These firms had allowances of 724,219 workers under their ceilings. Of the firms, 36.2 percent were classed as essential, with ceiling employment of 68.7 percent of the total, and, of the total, 15.3 percent, with 46.2 percent of

MANPOWER PRIORITIES COMMITTEE FOR NORTH CAROLINA. Here are the members of the Manpower Priorities Committee and the Production Urgency Committee for North Carolina who attended the meeting in Winston-Salem October 25:

Seated, l. to r.: R. E. Ball, Raleigh, War Production Board and acting chairman, Production Urgency Committee (in absence of Thomas J. Love, Raleigh, chairman); Dr. J. S. Dorton, Raleigh, State manpower director and chairman, Manpower Priorities Committee; Col. P. S. Moses, Atlanta, visitor and member of Regional Board.

Standing, l. to r.: C. E. McCallum, Charlotte, Smaller War Plants Corporation; Samuel Ross, Raleigh, alternate, Aircraft Resources Control Office; Lt. E. H. Haworth, Raleigh, alternate, Navy Department; Major Paul E. Werner, Wilmington, War Department; Major Hugh L. Caveness, Raleigh, Selective Service; Lt. M. M. Goodman, Charlotte, alternate, War Department; J. J. Currin, Charlotte, Civil Service Commission; Joseph W. Beach, War Manpower Commission, Raleigh, Secretary; E. W. Steinhauser, Savannah, Ga., representing Maritime Commission.—PICTURE COURTESY WINSTON-SALEM JOURNAL.

the workers, had priority ratings. Of the total firms, 63.8 percent, with 31.3 percent of the workers, were classed as non-essential.

The state total, broken down, shows that 1,757 firms, with ceiling employment of 56,071, had "AA" ratings; 27, with ceilings of 21,704, were rated "A"; 44, with 11,582 ceilings, were in "B"; 2,439 firms, with ceilings of 245,766, were in "C"; 6,071 firms, with 162,948 ceilings, were in "D", while considerably more than half of the firms, 18,213, with less than one-third ceiling employment, 226,148, were classed as less essential. (See accompanying table.)

The Priorities Referral Plan, made effective by the operations of the Manpower Priorities Committee and the Production Urgency Committee, is purely a war measure, designed to strengthen the Employment Stabilization Program, to furnish manpower in the order of its urgency and thus, to prevent the need for enactment of a National Service Act, which would, by law, allow assignment of workers to the jobs where they are most needed, without consideration of their wishes.

Briefly, the Priorities Referral Plan provides that:

1. All male workers must be hired through or by arrangement with the United States Employment Service.
2. Employment ceilings are established for *all* employers in North Carolina. This ceiling covers both male and female workers.
3. Hiring quotas (or manpower allowances) are established, subject to review every 60 days.
4. Priority of referral is granted to certain firms on the basis of their importance to the war effort and their need for manpower in order to meet production schedules.
5. Intensified recruitment programs are operating to channel workers from other-than-essential to essential production; and from loose labor market areas to critical labor market areas.

Changes in the plan, effective December 15, caused a revision of the ratings of the firms in the state, placing them in groups from I to V, thus eliminating the "ABC" designations. This revised plan will give priority ratings principally to firms producing items on the National "must" list, and other essential firms behind schedule due to lack of manpower.

This control of labor will be eliminated by the War Manpower Commission just as soon as the need for it passes, but it must continue while production of highly urgent war equipment and supplies is lagging behind actual needs.

CEILINGS AND PRIORITIES BY ADMINISTRATIVE AREAS IN NORTH CAROLINA, NOVEMBER 1944

Source: WMC-NC-106 R. & A. Div., WMC for N. C.

NOTE: AA—National Production Urgency List—behind schedule. A—On schedule. B—Local Production Urgency. C—All Essential Items tied in with Military. D—All other essential. LE—No significance to war effort.

	Total		"AA"		"A"		"B"		"C"		"D"		Less Essential	
	No. Firms	Ceiling	No. Firms	Ceiling	No. Firms	Ceiling	No. Firms	Ceiling	No. Firms	Ceiling	No. Firms	Ceiling	No. Firms	Ceiling
State Total	28,551[1]	724,219	1,757	56,071	27	21,704	44	11,582	2,439	245,766	6,071	162,948	18,213	226,148
Percentage of Total	100%	100%	6.3%	7.7%	0.1%	3.0%	0.2%	1.6%	8.5%	33.9%	21.3%	22.5%	63.7%	31.3%
Asheville Adm. Area:														
Total	2,824	77,620	436	15,468	2	75	4	1,567	188	19,177	583	16,268	1,611	25,065
Asheville	801	27,568	17	4,555	1	60			74	9,841	181	6,257	528	6,855
Bryson City	293	8,756	55	6,084					13	746	51	742	174	1,184
Hendersonville	271	6,555	11	328					22	1,636	77	2,768	161	1,823
Lenoir	247	8,476	41	619					15	2,429	47	1,205	144	4,223
Morganton	279	10,558	32	421			1	377	13	675	53	2,875	180	6,210
North Wilkesboro	449	6,484	140	1,114			2	430	30	853	89	1,205	188	2,882
Spruce Pine	244	3,209	125	1,754					15	178	39	588	65	689
Waynesville	240	6,014	15	593	1	15	1	760	6	2,819	46	628	171	1,199
Charlotte Adm. Area:														
Total	6,319	204,898	217	4,592	9	3,424	7	1,350	611	86,107	1,378	62,286	4,097	47,139
Albemarle	366	10,008	63	671					26	5,640	53	954	224	2,743
Charlotte	2,177	61,089	33	1,770	8	1,354	3	516	184	25,390	532	13,129	1,417	18,930
Concord	358	18,988	6	101			2	256	25	2,199	79	13,890	246	2,542
Gastonia	938	38,262	19	530	1	2,070			118	24,075	197	6,248	603	5,339
Hickory	486	15,534	11	444					64	6,128	92	2,324	319	6,638
Kannapolis	190	14,487	2	23					10	328	31	13,045	147	1,091
Rutherfordton	342	9,030	36	299					37	3,935	58	3,016	211	1,780
Salisbury	611	16,127	17	104					58	9,887	125	2,819	411	3,317
Shelby	399	10,621	15	579					53	4,499	101	3,842	230	1,701
Statesville	452	10,752	15	71			2	578	36	4,026	110	3,019	289	3,058
Durham-Raleigh Adm. Area:														
Total	5,464	117,598	302	10,510	2	503	3	834	387	39,983	1,221	23,501	3,549	42,267
Durham	1,168	42,128	43	4,339					66	12,748	220	7,616	839	17,425
Henderson	663	9,871	74	1,240	1	275			58	4,856	148	1,138	382	2,362
Raleigh	1,690	26,723	73	1,739					117	7,011	400	8,075	1,100	9,898
Roanoke Rapids	614	14,099	66	1,624					34	1,813	131	3,913	383	6,749
Rocky Mount	768	15,435	29	1,015			2	714	73	8,600	187	1,449	477	3,657
Wilson	561	9,342	17	553	1	228	1	120	39	4,955	135	1,310	368	2,176
Elizabeth City-New Bern Adm. Aera:														
Total	3,108	54,780	212	8,176	2	467	20	2,740	314	23,180	540	8,097	2,020	12,120
Elizabeth City	519	7,855	49	2,454					61	2,654	86	658	323	2,089
Greenville	711	7,747	16	333					43	3,404	113	2,033	539	1,977
Kinston	458	9,065	7	204	1	392	1	38	36	3,799	98	2,353	315	2,279
New Bern	665	19,487	40	2,372	1	75	19	2,702	73	8,803	121	1,861	411	3,674
Washington	755	10,626	100	2,813					101	4,520	122	1,192	432	2,101
Greensboro-Winston-Salem Adm. Area:														
Total	6,839	167,213	262	7,220	7	1,057	4	2,672	562	40,087	1,626	37,619	4,378	78,558
Asheboro	609	12,283	109	851	1	65			46	2,854	127	2,038	326	6,475
Burlington	853	18,813	10	84					72	3,910	176	4,995	595	9,824
Greensboro	1,676	31,220	18	199	2	480			111	12,483	449	7,429	1,096	10,629
High Point	786	19,810	4	49			2	522	53	4,561	152	2,270	575	12,408
Lexington	254	6,723	19	109					26	2,894	59	1,209	150	2,511
Mount Airy	455	9,259	41	320					48	526	122	4,733	244	3,680
Reidsville	297	5,889	17	207			1	250	36	1,597	69	711	174	3,124
Spray	402	9,170	12	158					41	1,195	72	5,645	277	2,172
Thomasville	193	6,232	10	96					12	1,090	46	363	125	4,683
Winston-Salem	1,314	47,814	22	5,147	4	512	1	1,900	117	8,977	354	8,226	816	23,052
Wilmington Adm. Area:														
Total	3,997	102,110	328	10,105	5	16,178	6	2,419	377	37,232	723	15,177	2,558	20,999
Fayetteville	963	21,463	73	3,644	1	194	2	271	55	9,519	110	3,083	722	4,752
Goldsboro	487	10,296	26	636			1	81	47	3,439	120	3,588	293	2,552
Lumberton	486	10,716	47	1,814			1	1,000	60	5,064	91	1,076	287	1,762
Rockingham	579	14,078	52	912	1	834	1	954	67	6,754	111	1,598	347	3,026
Sanford	481	7,704	73	1,000	1	825	1	113	39	1,595	80	2,308	287	1,863
Wilmington	1,001	37,853	57	2,099	2	14,325			109	10,861	211	3,524	622	7,044

[1] 10,800 firms in N. C. were covered by Unemployment Compensation as of October 1944.

Publications of Unemployment Compensation Commission of North Carolina

Biennial Report, 1936-1938.

Biennial Report, 1938-1940.

Biennial Report, 1940-1942.

Biennial Report, 1942-1944.

Annual Report, 1937. (Mimeographed.) Out of print.

Annual Report, 1938. (Mimeographed.) Out of print.

Annual Report, 1939. (Mimeographed.)

Annual Report, 1940. (Mimeographed.)

Annual Report, 1941. (Mimeographed.) Out of print.

Unemployment Compensation Law as amended (1943).

Employment Security News (mimeographed—weekly), started in 1936 by the North Carolina Employment Service. Now issued jointly by the Unemployment Compensation Commission of North Carolina and United States Employment Service. Suspended Dec. 1944 for duration.

North Carolina Employment Security Information, Volume I, Numbers 1-12, 1941. (Discontinued.)

U. C. C. Quarterly, Volume 1, Nos. 1-4 (1942-3)
Volume 2, Nos. 1-3 (1944)

Rules and Regulations.

CIRCULARS AND FOLDERS:

Benefit Payments for Partial Unemployment.

Employer Experience Rating in North Carolina.

Information for Workers about Unemployment Compensation.

Social Security in North Carolina (Annually prepared schedule of various services and payments).

Compilation of Social Security Laws in North Carolina (mimeograped). Out of print.

Employment Security Figures for North Carolina by Counties, January, 1937 through June, 1941 (mimeographed).

Funds Distributed in North Carolina by Counties through Eight of the Ten Divisions Under the Social Security Act (mimeographed).

POSTERS:

Employer's Certificate of Coverage and Notice to Workers.

Notice to Workers—Partial Benefits.

Are You Protected?

STATISTICAL REPORTS:

(Current series, mimeographed.)

Business Activity in North Carolina as Reflected by Movements in Selected Indicators—Current Trends (monthly).

Unemployment Compensation Trends (monthly). This report began with June 1943, and succeeds three of the former monthly series reports:

(1) Summary of Claims Activity

(2) Summary of Local Office Operations

(3) Number and Amount of Benefit Payments, by Office (monthly).

Weekly Summary of Initial and Continued Claims Taken and Benefit Checks Distributed by Area and Office.

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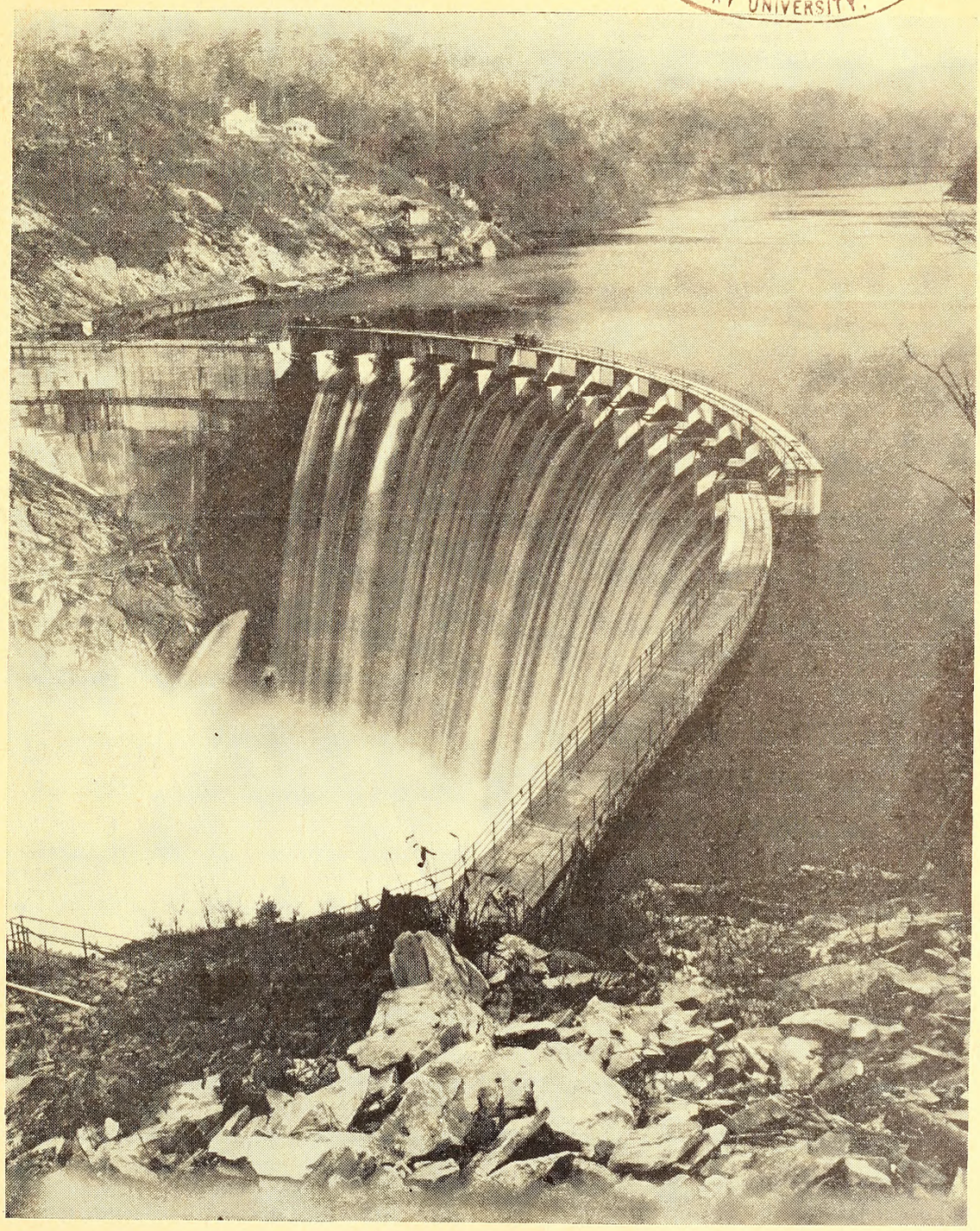

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UNEMPLOYMENT COMPENSATION COMMISSION OF NORTH CAROLINA

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A. L. FLETCHER . . . . . *Chairman*
R. FULLER MARTIN . . . . . *Director*
MRS. FRANCES T. HILL . . . . . *Editor*

Regular Contributions in each issue from the

UNITED STATES EMPLOYMENT SERVICE FOR NORTH CAROLINA

Agency of the War Manpower Commission

Cover illustrations represent typical North Carolina industries under the unemployment compensation program.

Cover for Spring 1945—Local Power Dam. Illustration from N. C. Department of Conservation and Development shows Pigeon River Dam, connected with Waterville Generating Station. The development of electric power throughout the state is a prime factor contributing to the growth of industry and to the general welfare of North Carolina. In this issue of the *Quarterly* are three articles summarizing various aspects of electrical energy production and distribution in the state.

Sent free and upon request to responsible individuals, agencies, organizations and libraries. Address: U. C. C. Informational Service, Raleigh, N. C.

CONTENTS

Curtis Goes to Washington ---------- 34

A Challenge to North Carolina Industry, By S. F. Campbell ---------- 35

Average Annual Salary-Wage Rates, By S. H. Hobbs, Jr. ---------- 37

Our Power Industry Develops, By Edgar Womble 39

Electrifying Agriculture, By David S. Weaver--- 42

T. V. A. in North Carolina, By Maurice Henle--- 46

Fontana, By Bill Sharpe---------- 48

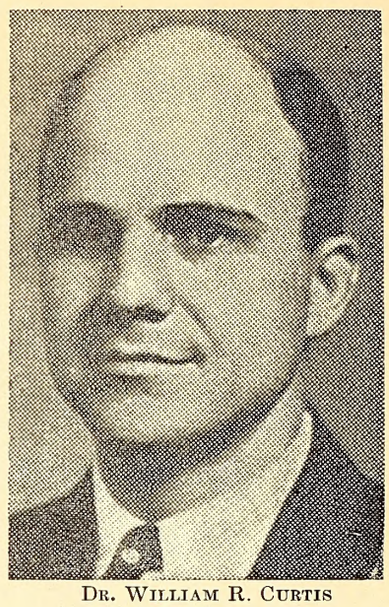
Can N. C. Industry Absorb the Labor Surplus? By S. F. Campbell---------- 49

U. C. C. Operations ---------- 52

- Unemployed Veterans—Six Months Report
- Commissioners Hear Strike Cases
- U. C. C. Fund—$100,000,000
- Seasonal Workers May Lose Benefit Rights
- Small Businesses Helped Most by Experience Rating

North Carolina To Have Display of Its War Products, By M. R. Dunnagan---------- 54

CURTIS GOES TO WASHINGTON



DR. WILLIAM R. CURTIS

FROM THE BUREAU CHIEF:

Mr. William R. Curtis, formerly of the North Carolina agency, has been appointed chief of the Administrative Standards Division of the Bureau of Employment Security. You are all acquainted with Bill Curtis who spent seven and one-half years with the North Carolina agency, serving two years as Director, and two years as Chairman of the Commission. He was a member of the 1944-45 Executive Committee of the Interstate Conference of Employment Security Agencies.

—By EWAN CLAGUE.

FROM THE COMMISSION:

Whereas, Dr. William R. Curtis has tendered his resignation as Director of the Unemployment Compensation Division to become Chief of the Administrative Standards Division of the Bureau of Employment Security, the North Carolina Unemployment Compensation Commission, in regretfully accepting his resignation, wishes to express its appreciation for his outstanding services, and to wish him continued success in his new undertaking.

Dr. Curtis came to the North Carolina Unemployment Compensation Commission in 1937 as Director of Research. He was made Director of the Unemployment Compensation Division in 1941, which position he held until the date of his resignation. He served as Acting Chairman of the Commission from May 1942 until July 1, 1944, while Chairman Colonel A. L. Fletcher was in active military service, except for a period of some five months while he himself served with the United States Navy.

To Dr. Curtis must go a large share of the credit for the continued progress of unemployment compensation, and for the building of a sound administrative basis for the program in this State. A measure of the value of his services is his selection to the high position to which he now goes. His departure means a loss to the State of North Carolina,

and to the North Carolina Unemployment Compensation Commission which will be keenly felt.

While deeply cognizant of this loss, the North Carolina Unemployment Compensation Commission takes pride in the honor which has come to Dr. Curtis; and it is both appreciative of the opportunity which his new position offers to make genuine and lasting contributions to the cause of unemployment compensation, and confident of his ability to make such contributions.

By HARRY D. WOLF, *for the Commissioners.*

FROM THE UCC PERSONNEL:

"All of us have a feeling, I'm sure, that evil days are upon us, what with the unholy rumor that an attempt may be made to make a political football of our agency, and with the stark reality that in your resignation we are actually losing the generator to our power plant. Under such grievous circumstances we find it in our hearts to try to show in some small measure our appreciation for your interest in us individually and collectively through these years of happy association. The committee appointed to handle the matter wishes to present to you this small kit-bag to pack up your troubles in, with the hope that, if used for that purpose it may prove all too spacious. I'm sure I voice the sentiment of every one in saying that you will carry with you the love, the loyalty and best wishes of every one of us. Our only consolation will be that, whatever may happen to the program, we shall feel assured of a friend in court in the Bureau, and shall look forward to a breaking down of any possible barriers that might prevent the most wholesome relations with the federal administration. If the worst should come and the program should be completely federalized, we shall hope to find again a sheltered spot under your wing—and this does not imply that every one in Washington has wings."

—By S. F. CAMPBELL, *for the UCC.*

COL. FLETCHER CHOSEN CONFERENCE OFFICIAL

Following the resignation of Dr. W. R. Curtis from the Interstate Conference of Employment Security Agencies, S. C. Cromwell of Maryland, President of the Conference, polled the states comprising Region IV—Maryland, Virginia, West Virginia, the District of Columbia and North Carolina. Their votes elected Col. A. L. Fletcher, Chairman of the Unemployment Compensation of North Carolina, to the post of Vice President for Region IV. Col. Fletcher has already been an active participant in the work of the Conference, serving as a member of its legislative committee.

R. FULLER MARTIN SUCCEEDS CURTIS AS DIRECTOR

UCC personnel heartily endorsed the Commission's choice of R. F. Martin, since 1938 supervisor of the Business Management Department, to succeed Dr. W. R. Curtis as Director. Mr. Martin's duties will not be strange since he served in that capacity from May, 1942, through June, 1944, while Dr. Curtis acted as Chairman during Col. Fletcher's leave.

A Challenge To North Carolina Industry

BY SILAS F. CAMPBELL, CHIEF, BUREAU OF RESEARCH AND STATISTICS

With the possible equalization of freight rates between North and South and East and West, the years immediately ahead offer the industrial leaders of North Carolina a challenge and an opportunity they can ill afford to ignore.

In a nation that leads the world in industrial progress, no other state can face the future with greater assurance and optimism than North Carolina.

One outstanding reason is that the state's industries are concentrated in the production of consumer goods—the necessities of life—food, clothing and shelter; products the purchase of which is mandatory. For this reason, employment, during both periods of depression and prosperity according to official records has remained relatively 20 percent higher than the national level during the past dozen years.

North Carolina manufacture is not subject to the hazards that continually threaten those states which concentrate on the manufacture of durable goods, the replacement of which is largely optional, and the purchase of which is curtailed, is not suspended altogether, during periods of financial stringency.

Moreover, its industries, of which approximately 300 different types are currently active and covered under the Unemployment Compensation Law, are widely distributed geographically. This has a considerable advantage over the concentration of manufacture in a few highly industrialized towns; for the effect of such fluctuations as may occur either up or down is spread over a large area with the result that any unfavorable impact can be most easily absorbed with a minimum shock. On the other hand, the benefit of any upswing in production likewise reaches the maximum number and is felt in all parts of the state. Little wonder the late President Roosevelt referred to North Carolina as one of the best balanced states in the country.

While such conditions tend to assure a high degree of industrial stability, they also present a handicap which a careful study of the state's economy should seek to overcome. This handicap lies in the fact that many of its important manufactures are of a low grade; that is, their values are not increased through the process of manufacture in the same proportion as the manufactured products of other states. This of necessity results in low wage levels.

We have been inclined to berate the employers of

the state for the fact that the average weekly wage level in North Carolina manufacture is 38.9 percent below the national average, ranging from 64.3 percent below in the manufacture of stone, clay and cement products, to 7.7 percent below in the manufacture of transportation equipment. These are 1943 figures, taken at a time when war production had brought into the state much out-of-state highly skilled labor for shipbuilding.

The fault lies not so much with the employer, who, if he produces a low priced product, must employ low-priced labor or sell at a loss, as it does with the general policy of stopping short in the processes of manufacture, instead of carrying them to the highest possible point in values added to products by manufacture.

For instance, in one of the most promising industries of the state, the manufacture of products from soybeans, peanuts and cotton seed, the manufacturer is satisfied to sell the oil in its crude state to be shipped to other states for refining, where the value is increased ten-fold and more.

The same applies generally to the production of leather, chemicals, minerals, tobacco pipes, and even to textiles. For, while North Carolina mills consume more than 25 percent of the nation's cotton used in manufacture of textiles, and exceeds the next highest state (Georgia) by more than half a million bales annually, our neighboring state of South Carolina has more looms and a greater production of the finished fabric than North Carolina mills, much of whose product is market yarns.

A study of industrial production in the United States, based on the Census of Manufacturers for 1939 disclosed that the average value added to North Carolina products in the process of manufacture was 58.5 percent of the total value of the material used in manufactured products, while the average for the nation was 65.9 percent. This is a difference of only 12.6 percent, but when it is considered that the value of North Carolina material used in manufactured prolucts in 1939 was $747,084,000[1], it will be seen that this loss amounted to more than $94 millions.

Recent disclosures of the U. S. Bureau of Mines concerning the newly discovered mineral wealth of North Carolina read like an enlarged version of the story "Acres of Diamonds". This at a time when the Bureau of Mines is emphasizing the fact that the depletion of deposits of many of our important minerals such as tungsten and black mica has reached a critical point. It only remains for us to scratch the surface to uncover this immense mineral resource —minerals as valuable as gold, and more important as a contribution to industrial development.

Now that we are in the process of being freed from the curse of rate discrimination, and have come into a fuller knowledge of the extent of our natural resources, it must be patent to every one that we stand on the threshold of an era of industrial progress that should put the state far in the forefront among all states of the nation.

At present the three basic industries of North Carolina, textiles, furniture and tobacco, account for approximately 50 percent of all non-agricultural employment in the state. If to these basic industries be added mining, food and chemical manufacture, under an intensive program such as our resources warrant, it should be possible to increase total employment through these channels alone by at least 50,000 workers. This would go far toward the full utilization of the increased labor force we may expect with the termination of the war, and should solve in large measure our problem of post-war employment.

It is estimated that back of the employment of each worker engaged in manufacture there is a capital expenditure of $6,000. For surface mining the ratio would probably be less. As a maximum, such an increase in total employment and industrial possibilities would call for an expenditure of $30 millions. This is only a third more than 25 counties of the state spent in 1944 for alcoholic beverages, to say nothing of unrationed beer and fortified wines. Surely, the 100 counties of the state can do more for their own manufactures than these 25 counties can afford to do for the manufacturers of whiskey.

The possibilities for such development are almost unlimited. Our textile plants import annually millions of pounds of starch, while at their very doors there exists the opportunity to manufacture at much less cost a superior grade of starch from off-grade potatoes for which our farmers have no market. Such an industry alone could provide employment for thousands of workers and increase the state's income by millions.

More than eleven hundred chemists have been at work for several years developing new uses of, and new methods of processing agricultural products for use in industry. Some of the experiments which have been developed to the point of commercial possibilities are: potatoes for starch; peanut hulls, and corn stalks for cork material; corn and wheat for anti-freeze, solvents, butadiene, and synthetic rubber; peanut and cottonseed meal for protein glues; ground corncobs for sandblast material, vegetable leaves for protein poultry food. Other North Carolina products have been developed to produce penicillin, industrial alcohol, smokeless powder, plastics, essential drying oils and tanning materials.

Coming at a time when the world's needs were never so great, the prospect presents an opportunity and a challenge such as seldom comes to a state. Taken with the fortune of our arms, the outlook should be a cause for rejoicing in every household. But more, it should be a signal as the war closes behind us, for a pooling of our home-front courage and money to the end that our state and its citizens shall take their rightful place at the front in the making of a new and better world.

1. U. S. Census figure, which included only firms with a production of $5,000 or more. Based on wages reported to U.C.C. for 1939, compared to wages reported by the Census, value of material used in North Carolina in 1939, and the amount used for computing the loss, was $1.3 billion.

North Carolina taxpayers in 1944 paid 26.5 percent less county taxes than in 1928, according to a survey by the publication *We The People* of Raleigh.

Average Annual Salary-Wage Rates

BY PROF. S. H. HOBBS, JR., UNIVERSITY OF NORTH CAROLINA

The tables which appear in connection with this article give a very accurate line on wage levels in the different parts of the United States.

In the first table the states are ranked according to the average annual salary-wage per all workers in each state engaged in manufacturing, mining, contract construction, trade, transportation, communication, public utilities, finance, insurance, real estate and service, covered by state unemployment compensation laws. This means that while not all workers are included in the table, the vast majority are included and the states are comparable since the unemployment compensation laws are rather uniformly set up in the United States as far as the administration is concerned.

The states range from an average salary-wage of $2,769 for all workers covered in Michigan to $1,282 for all workers covered in South Carolina. The average salary-wage for all workers in the United States in 1943 was $2,135. Of particular interest to us here in North Carolina is that the average salary-wage of the hundreds of thousands of employees covered by our state unemployment compensation law was $1,376 for the year 1943, and North Carolina ranked forty-fifth among the states of the Union. Our average salary-wage was only $94 above that of the lowest in the United States, $1,282 in our sister state South Carolina. It is also interesting to know that while the average income for all workers in the United States increased approximately $1,000 from 1939 to 1943, the increase in North Carolina was slightly less than $500, or only one-half the increase of all workers in the United States. The average worker in North Carolina received $893 in 1939, and North Carolina also ranked forty-fifth in the average pay received by workers during that year.

The second table ranks the states according to the average annual salary-wage of workers engaged in manufacturing for the year 1943. This is the largest single group of workers covered by unemployment compensation laws. The states range from $3,102 average salary-wage in Nevada, to $1,281 in South Carolina. The average for the United States was $2,351.

In this table North Carolina ranks forty-fourth, with an average salary-wage of $1,377 for all wage and salary earners of employees connected with manufacturing industries. The states below us were New Mexico, Arkansas, Mississippi, and South Carolina. The average salary-wage of employees engaged in manufacturing in North Carolina was approximately $1,000 below the average for the United States for the year 1943.

Again it is interesting to note that while the average salary-wage increase for the United States was approximately $1,000 from 1939 to 1943, the increase in North Carolina was a little over $500, or about half the increase for the United States.

WAR AND NONWAR

This table also shows the wages of covered employees segregated by war and nonwar manufacturing activities. War activities include such things as chemical and allied products, rubber, iron and steel, ordnance, certain types of transportation, electrical machinery, automobiles and automobile equipment. Nonwar refers to such things as food, tobacco manufacturing, textile mills, wearing apparel, paper, printing and publishing, petroleum, coal, leather, lumber, furniture and some other minor industries.

The interesting part of this table is that workers engaged in war industries are much more highly paid than those engaged in nonwar industries. The war industry workers averaged $2,745 for the United States in 1943 while the nonwar workers averaged $1,844. Also the wage increase from 1939 to 1943 was much greater for those engaged in war work than it was for those engaged in nonwar work.

For North Carolina the average salary-wage of workers engaged in manufacturing in connection with war classification industries averaged $2,217 in 1943, while those engaged in nonwar manufacturing averaged only $1,266.

However, only about 19 percent of the workers covered in North Carolina were on war industry payrolls, while the average for the United States was a little more than 67 percent. Only six states in the Union had smaller percents of their manufacturing employees working in industries classed as war in-

AVERAGE ANNUAL SALARY-WAGE, ALL WORKERS, 1943

For all workers engaged in Manufacturing, Mining, Contract, Construction, Trade, Transportation, Communication, and Public Utilities; Finance, Insurance, and Real Estate; and Service, covered by state Unemployment Compensation Laws. Based on data released by the U. S. Department of Commerce in Survey of Current Business, August, 1944.

U. S. average salary-wage for all workers in 1943 was $2,135. Average for 1939 was $1,361.

N. C. average wage-salary in 1943 was $1,376, and our rank 45th among the states.

		Avrg. All Workers				*Avrg. All Workers*	
Rank	*State*	1939	1943	*Rank*	*State*	1939	1943
1	Michigan	$1,575	$2,769	26	Missouri	1,301	1,868
2	California	1,581	2,515	27	Texas	1,197	1,866
3	Connecticut	1,426	2,495	28	Wyoming	1,218	1,854
4	Nevada	1,397	2,492	29	Montana	1,322	1,840
5	Oregon	1,498	2,429	30	Colorado	1,289	1,841
6	New Jersey	1,431	2,394	31	Vermont	1,159	1,811
7	Ohio	1,452	2,372	32	Louisiana	1,069	1,781
8	Washington	1,402	2,355	33	Idaho	1,123	1,780
9	Indiana	1,375	2,272	34	Virginia	1,063	1,747
10	New York	1,588	2,248	35	Kentucky	1,107	1,726
11	Delaware	1,405	2,228	36	Iowa	1,196	1,716
12	Illinois	1,522	2,228	37	Florida	959	1,702
13	Maryland	1,236	2,174	38	New Hampshire	1,078	1,645
14	Wisconsin	1,425	2,158				
15	Utah	1,244	2,079	39	Tennessee	1,018	1,644
16	Kansas	1,176	2,073	40	Alabama	917	1,568
17	Maine	1,054	2,068	41	New Mexico	1,117	1,528
18	Rhode Island	1,210	2,060	42	So. Dakota	1,158	1,494
19	Massachusetts	1,378	2,058	43	No. Dakota	1,135	1,499
20	Pennsylvania	1,309	2,030	44	Georgia	918	1,461
21	West Virginia	1,302	2,030	45	No. Carolina	893	1,376
22	Arizona	1,275	1,989	46	Arkansas	831	1,340
23	Oklahoma	1,288	1,944	47	Mississippi	817	1,289
24	Minnesota	1,263	1,922	48	South Carolina	796	1,282
25	Nebraska	1,205	1,875				

AVERAGE ANNUAL SALARY-WAGE, MANUFACTURING, 1943

In the following table, based on Survey of Current Business, U. S. Department of Commerce, the states are ranked according to average salary-wage of all workers engaged in manufacturing, covered by state unemployment compensation laws, for year 1943. Parallel columns show average salary-wage for 1939. The table also shows average salary-wage for workers engaged in war, and nonwar manufacture for both 1943 and 1939.

		Total		*War*		*Nonwar*	
Rank	*State*	1939	1943	1939	1943	1939	1943
1	Nevada	$1,421	$3,102	$1,586	$3,376	$1,403	$1,869
2	Michigan	1,678	3,045	1,775	3,191	1,376	2,235
3	California	1,564	2,754	1,734	2,925	1,479	2,244
4	Washington	1,441	2,743	1,667	3,041	1,403	2,260
5	Oregon	1,481	2,707	1,815	3,132	1,454	2,192
6	Ohio	1,573	2,660	1,694	2,850	1,379	2,022
7	Connecticut	1,374	2,646	1,460	2,798	1,220	2,079
8	Delaware	1,291	2,523	1,458	2,919	1,203	1,672
9	New Jersey	1,416	2,517	1,634	2,736	1,242	2,075
10	Indiana	1,449	2,476	1,594	2,676	1,256	1,887
11	Illinois	1,534	2,418	1,635	2,635	1,446	2,066
12	Maryland	1,283	2,437	1,516	2,738	1,122	1,753
13	Wisconsin	1,504	2,400	1,651	2,732	1,374	1,869
14	New York	1,416	2,365	1,019	2,765	1,777	2,063
15	Pennsylvania	1,335	2,297	1,549	2,688	1,170	1,722
16	Kansas	1,339	2,287	1,419	2,498	1,320	1,845
17	Minnesota	1,458	2,258	1,571	2,667	1,421	1,860
18	Maine	989	2,215	1,307	3,157	958	1,633
19	Massachusetts	1,321	2,214	1,591	2,582	1,210	1,851
20	Arizona	1,283	2,177	1,489	2,376	1,199	1,854
21	Montana	1,562	2,162	1,956	2,746	1,404	1,873
22	Texas	1,209	2,130	1,412	2,511	1,155	1,673
23	Rhode Island	1,170	2,120	1,388	2,474	1,079	1,813
24	Oklahoma	1,340	2,113	1,415	2,340	1,320	1,767
25	Nebraska	1,327	2,083	1,391	2,359	1,317	1,847
26	West Virginia	1,380	2,073	1,615	2,459	1,175	1,612
27	Colorado	1,384	2,067	1,506	2,223	1,316	1,811
28	Florida	862	2,027	869	2,614	861	1,393
29	Wyoming	1,455	2,023	1,222	1,885	1,457	2,027
30	Utah	1,266	2,022	1,506	2,263	1,164	1,684
31	Missouri	1,298	2,019	1,528	2,355	1,205	1,679
32	Vermont	1,148	1,948	1,602	2,373	1,042	1,628
33	Iowa	1,307	1,947	1,405	2.166	1,268	1,739
34	Louisiana	1,001	1,937	1,268	2,624	965	1,476
35	Idaho	1,232	1,902	1,302	2,577	1,231	1,887
36	Kentucky	1,187	1,865	1,462	2,322	1,086	1,558
37	Virginia	1,025	1,782	1,428	2,544	893	1,326
38	South Dakota	1,267	1,738	1,438	2,166	1,260	1,711
39	New Hampshire	1,047	1,723	1,427	2,202	1,019	1,649
40	Alabama	907	1,668	1,273	2,204	732	1,169
41	Tennessee	991	1,615	1,233	2,044	903	1,290
42	North Dakota	1,210	1,595	1,378	2,026	1,202	1,575
43	Georgia	822	1,484	1,113	2,271	784	1,213
44	North Carolina	840	1,377	1,151	2,217	826	1,266
45	New Mexico	999	1,343	947	1,399	1,005	1,336
46	Arkansas	777	1,329	945	1,874	764	1,155
47	Mississippi	726	1,296	961	2,041	699	1,076
48	South Carolina	758	1,281	798	1,864	756	1,255
	United States	1,359	2,351	1,524	2,745	1,250	1,804

dustries. This means that our workers are missing the opportunity to cash in on the higher wages paid in war activities, but it also means that industry in North Carolina will not have to make a very large readjustment back to normal after the war is over. The war industry payroll in North Carolina in 1943 totaled 104 million dollars, while the nonwar manufacturing industries payroll totaled 444 million dollars. For the United States the war industries payroll was more than twice the nonwar industries payroll. Manifestly we are participating in the war industries only in a very minor way. The main exception to this is that North Carolina has been selected as a major military training locale. This is shown by the fact that 18.5 percent of all salaries and wages received in North Carolina in 1943 came from the government while the national average was only 12.5 percent. This is due to the excessive number of military personnel in North Carolina.

OTHER INDUSTRIES

North Carolina is not one of the leading mining states yet several thousand people make their living from mining operations. The average salary-wage of mining operatives in North Carolina in 1943 was $1,243, while the average for the United States was $2,179. In no state is the annual salary wage per mining employee lower than in North Carolina.

The annual salary-wage per employee of workers employed in contract construction in 1943 was $1,710 in North Carolina, while the average for the United States was $2,556. North Carolina ranks forty-fifth in this category.

There are many thousands of people engaged in trade covered by unemployment compensation laws. The average salary-wage in North Carolina in 1943 was $1,239, while the average for the United States was $1,678. North Carolina ranked forty-third among the states in average salary-wage paid to this group of workers.

The above data are very significant. One could do a lot of moralizing on the basis of these facts. It is never our purpose to do more than to present the facts about life and livelihood in North Carolina. We might say, however, that it is obvious that the salary-wage schedule in North Carolina today is not even average for the South. Bear in mind that these data cover mainly private industry and they cover a large majority of all employees. They are as representative as any data can be. They do not cover public employees, such as school teachers, welfare workers, employees in the state institutions of higher education, institutions for the insane, and so on. We know from data revealed from other sources that the wage and salary scale of public employees is pretty much on a par with the wage scale of the vast employed public in this and other states. We might say further that the level of living in any state is quite definitely determined by the average annual income of its population, especially the great mass which gains its living by daily employment. The things that one buys are not any cheaper in North Carolina.

The data presented here are compiled from Survey of Current Business, publication of the U. S. Department of Commerce. They are official data and they are also representative data, since workers covered by unemployment compensation laws constitute the vast majority of all workers in every state, and even those not covered have wage schedules positively correlated with the schedules of covered workers.

NEW "E" AWARD

The War and Navy Depatments announced in March that the Acme Spinning Company, plants Nos. 1 and 2, in Belmont had won the Army-Navy "E" award for excellence in the manufacture of war materials. The Acme Spinning Company is a welcome addition to our Tarheel Honor Roll.

Our Power Industry Develops

BY EDGAR WOMBLE, RATE EXPERT, NORTH CAROLINA UTILITIES COMMISSION

In the production of electric energy and sales, North Carolina stands first among the South Atlantic states and in all the states that border the Atlantic Ocean from Maine including Florida it is exceeded only by Massachusetts, New York, New Jersey and Pennsylvania, all great manufacturing states and far greater in population.

The revenue of privately owned electric utilities last year amounted to $49,687,511.72. The number of customers served was 397,682, and the kilowatt hours of current sold was 3,936,631,684.

In 1932, the amount of revenue was only $26,166,-924.72; the current sold 1,722,873.64; the number of customers 190,109.

For the past decade there has been a steady and substantial yearly increase in the generation and sales of current in North Carolina by privately owned utilities, but last year the output by these companies was 491,040,555 less than 1943 production. The slump was due to the closing down of government camps and other government agencies which had sprung up under war conditions, private business which depended on these governmental activities and brown-outs imposed by governmental order. This drop in production was but a natural and expected thing. The production figures for 1944 are still high and exceeded the production in 1940 by 1,229,765,552 kilowatt hours.

Below are the total figures for capacity of plants and kilowatt hours of current generated by privately-owned power companies, by years, 1932 to 1944, inclusive.

CAPACITY OF PRIVATELY-OWNED PLANTS

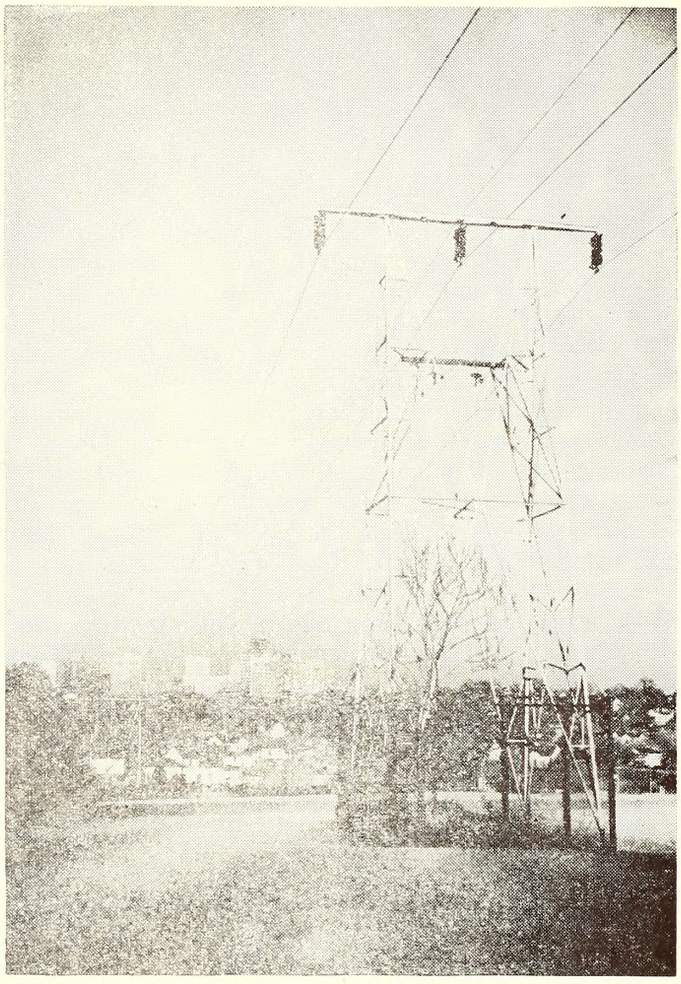
	Hydro	Steam	Total
1944	461,051	616,585	1,077,636
1943	461,131	616,585	1,077,636
1942	461,021	585,052	1,046,073
1941	461,786	514,267	976,053
1940	395,851	431,085	826,936
1939	397,021	351,149	748,170
1938	398,078	351,149	729,227
1937	397,528	296,995	694,523
1936	393,043	289,555	682,598
1935	397,623	284,277	681,900
1934	424,534	365,996	790,530
1933	364,685	365,682	730,366
1932	364,664	365,776	730,440

MAJOR POWER COMPANY PLANTS

Below are names of, location and capacity of plants of the major power companies:

Carolina Power & Light Company—Hydro: Blewitt, Pee Dee, 24,600; Buckhorn, Corinth, 2,900; Carbonton, Carbonton, 1,000; Eury, Troy, 600; Lockville, Moncure, 1,000; Lower, Vass, 450; Marshall, Marshall, 3,000; Tillery, Mt Gilead, 62,000; Waterville, Waterville, 108,000; Weaver, Asheville, 2,500. Steam: Cape Fear near Moncure, 92,500; Elk Mountain, near Asheville, 13,000.

Duke Power Company—Hydro: Bridgewater, Catawba River, 20,000; Rhodhiss, Catawba River, 25,-500; Oxford, Catawba River, 36,000; Lookout Shoals, Catawba River, 18,720; Mountain Island, Catawba River, 60,000; Turner Shoals, Green River, 5,500; Tuxedo, Green River, 5,000; Spencer Mountain, South Fork River, 640; Idols, Yadkin River, 1,411; Plants under 700 KVA, 352. Steam: Mt. Holly, Mt. Holly, 25,000; Eno, University, 30,000; Buck, Spencer, 190,000; Riverbend, Mt. Holly, 165,000; Cliffside, 80,000.



100,000 Volts On Its Way to Serve Raleigh

Tide Water Power Company—Steam: Wilmington, 11,500. Internal Combustion: Morehead City, 1,902; Beaufort, 632.

Virginia Electric & Power Company—Hydro: Roanoke Rapids, 6,020. Steam, Rosemary Mfg. Company, 2,500. Diesel: Kitty Hawk, 100.

CURRENT GENERATED KWH

	Hydro	Steam	Total
1944	1,373,284,811	2,714,256,360	4,087,541,171
1943	1,554,811,751	3,023,769,975	4,578,581,726
1942	1,399,114,548	2,882,754,654	4,281,869,202
1941	1,069,044,155	3,045,914,883	4,114,959,038
1940	1,023,114,923	1,834,660,696	2,857,775,619
1939	1,122,410,196	1,118,441,773	2,240,851,969
1936	1,404,539,329	294,982,374	1,699,521,703
1938	1,148,294,734	755,250,661	1,903,545,395
1937	1,460,221,974	354,230,711	1,814,452,685
1935	1,337,929,070	113,498,745	1,451,427,815
1934	1,080,553,507	78,804,734	1,159,358,241
1933	1,018,442,413	190,329,548	1,208,771,961
1932	999,384,688	309,131,588	1,308,515,676

In a study of these tables it is not only significant to note the steady climb in plant capacity and in the production of electric energy, but the steady outstripping of hydro development by steam.

SHIFT TO STEAM GENERATION

In 1932 only one-third as much current was produced by steam as that turned out by hydro plants. In 1939, it will be noted that steam was closely on the heels of hydro and in the following year 1940 overshot hydro by 811,545,773 Kwhrs, and three years later, 1943, its production was virtually double that of water power.

This shift from hydro to steam to the uninitiated may appear strange when hydro development has been accepted as the source to cheap power. In the early days it was the source of cheap power and is so today in some cases but collateral factors which have come into the picture in so far as privately-owned utilities are concerned, have made steam plants preferable. Cheapness in hydro development began to shrink when the acreage necessary to impound the water was seized upon by taxing agencies as a fertile field to swell the tax fund. Waste land, swamp land and ground that wouldn't sprout peas became about as valuable as land with a gold lode. Then, too, improved methods in the steam process considerably cut the cost per kilowatt hour. Furthermore, the Federal Government came into the hydro picture, through interpretation and administration as chief cook and bottle-washer and prospective owner of the plant.

This pound-of-flesh action is another illustration of the policy of "killing the goose that lays the golden egg." Electric utilities, in my opinion, should be taxed as lightly as possible as power rates are a tremendous factor in industrial progress.

ELECTRICITY THE YARDSTICK

Electric energy is the yardstick which gives the measure of the economic standing of a community, state or nation. This fact was recognized by Washington Duke and his sons, tobacco magnates, when way back yonder they poured tobacco money into hydro-power developments in North and South Carolina.

In the great streams of the Carolinas, the Dukes envisioned cheap power which would create thriving industry; and their vision came true. Mr. Duke was so obsessed with the idea of cheap power that he overshot himself and had to be rescued by the courts to get compensatory rates for his electric product.

Mr. Duke was not the first man nor the only man or men to develop the hydro-power industry, but he did a whale of a job when he put his hands to the task. His hydro developments not only put the textile industry of the state in a commanding place but it gave cheap power to other industries.

The founders of the Carolina Power and Light Company among whom was the late Paul Tillery, and today represented by President Louis Sutton, had the same vision and followed closely the Duke development. Today this company stands second only to the Duke Power Company in North Carolina. Together these two companies furnish 75 percent of the electric power dispensed to the people of the state.

WAY OPEN TO LOWER RATES

The vision, determination and persistence of the present Chairman of the North Carolina Utilities Commission, Stanley Winborne, aided by the technical work of the writer, in 1932, was in a large way responsible for the favorable electric rates which the state enjoys and which has meant so much to the business and industrial progress and to the home life of North Carolina.

At that time, 1932, the Commisisoner, with the assistance of the other Commissioners, succeeded by conferences with the major power companies, in putting across the policy of effecting reduced rates in order to increase potential use of electric energy instead of relying on the counter policy of letting reduced rates follow increased usage of current. The substantial reductions secured at these 1932 conferences gave a great impetus to use of current and the new policy was justified. In subsequent years other reductions were made and today the residential rates of the Carolina Power and Light Company and the Duke Power Company, which as said before furnish current to the bulk of the people of North Carolina, are far below the national average and their idustrial rates are in line with the rates in the states which have the lowest rates in the nation.

To give a concrete illustration of what has taken place in sales, and reduced cost to the people, below is given data of the Carolina Power and Light Company and the Duke Power Company and other major power companies for years 1932 and 1944, showing kilowatt hours sold, the average sale price and the saving effected by the lowered cost of current.

1932 SALES

RESIDENTIAL:	*KW Hrs. Sold*	*Revenue*	*Average*
Carolina Power & Light Co...	24,363,932	$1,534,045.96	6.296¢
Duke Power Company..... } Southern Public Utilities..... }	43,104,915	2,413,875.24	5.6
Durham Public Service Co...	5,250,844	303,220.77	5.774
Tide Water Power Co.....	4,130,853	324,465.01	7.854
Virginia Electric.....	2,527,800	127,529.76	5.045
COMMERCIAL:			
Carolina Power & Light Co...	19,759,456	1,170,449.51	5.923
Duke Power Company..... } Southern Public Utilities..... }	28,736,610	1,479,819.09	5.15
Durham Public Service Co...	3,067,918	191,853.28	6.253
Tide Water Power Company	2,786,283	217,536.16	7.807
Virginia Electric.....	2,076,388	120,667.81	5.811
INDUSTRIAL:			
Carolina Power & Light Co...	174,335,939	2,368,649.54	1.358
Duke Power Company.....	525,493,782	6,296,496.03	1.198
Southern Public Utilities.....	88,242,388	1,768,495.00	2.004
	(613,736,170)	(8,064,991.03)	1.3
Durham Public Service Co...	7,296,323	185,416.91	2.541
Tide Water Power Company	16,796,299	336,534.01	2.003
Virginia Electric.....	35,725,795	418,154.31	1.17

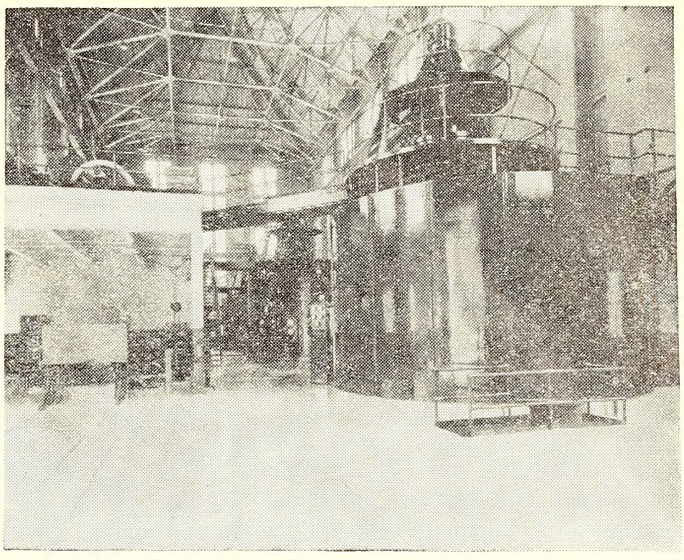
1944 SALES

Carolina Power & Light Co.

	KWH	*Avg.*	1932 *Avg.*	*Diff.*	*Saving*
Residential.....	107,472,913	2.732	6.296	3.564	$3,830,334.61
Rural.....	28,541,786	3,368	6,296	2.928	8,357,327.77
Commercial.....	139,064,871	1.820	5.923	4.103	5,705,831.65
Industrial.....	431,884,913	1.030	1.358	.328	1,416,582.51
					11,788,481.54

Duke Power Company

Residential.....	243,061,933	2.967¢	5.6	2.633	6,399,820.69
Commercial.....	141,371,080	2.367	5.15	2.783	3,934,351.71
Industrial.....	1,710,335,631	.885	1.3	.415	7,097,892.86
					17,432,065.26



Interior Views of N. C. Power Generating Plants

Tide Water Power Co.

	KWH	Avg.	1932 Avg.	Diff.	
Residential	23,299,079	3.981	7.854	3.873	$ 902,373.32
Rural	1,330,473	4.577	7.854	3.277	43,599.60
Commercial	29,908,409	3.413	7.807	4.394	1,314,175.40
Industrial	137,381,366	1.123	2.003	.880	1,210,329.80
					$ 3,470,478.12

Virginia Electric & Power Company

Residential	15,404,031	3.251	5.045	1.794	$ 27,634.83
Commercial	20,357,293	2.075	5.811	3.736	760,548.46
Industrial	77,506,947	.982	1.17	.188	145,713.06
					$ 933,896.35

RECAPITULATION:

Carolina Power & Light Co.	$11,788,481.54
Duke Power Company	17,432,065.26
Tide Water Power Company	3,470,478.12
Virginia Electric & Power Company	933,896.35
	$33,624,921.27

SAVINGS BY YEARS:

1933	$ 2,031,952	1940	$ 21,682,955
1934	2,159,464	1941	25,602,835
1935	4,187,212	1942	28,971,841
1936	6,607,135	1943	34,547,609
1937	10,060,912	1944	33,624,921
1938	11,758,913		
1939	17,612,476	Total	$ 198,848,223

TAXES HEAVY ITEM

The privately-owned utilities on their electric operations last year paid in federal, state and local taxes $13,289,862.41, which was 26.74 percent of the gross revenue they received.

The great bulk of this tax was paid by the Caroline Power and Light Company and the Duke Power Company. The taxes paid by them were: Carolina Power and Light Company, $4,394,318.62; Duke Power Company, $7,738,316.56.

MUNICIPAL OPERATIONS

Sixty municipalities operate their own electric system. Their sales for 1944 amounted to $6,324,058.48. They sold 210,348,820 kilowatt hours of current to 131,451 customers.

Thirteen of these municipalities own their own generating plants and generated a total 121,333,318 kilowatt hours, 119,496,499 by steam or diesel, and 1,836,819 by hydro.

Rocky Mount was the largest generator of current. Its output was 37,841,000. Next in point of output were Wilson 18,628,253; and Greenville 18,380,673.

CUSTOMERS, SALES, REVENUE

Below are number of customers, kilowatt hours of current sold and amount of current sold and amount of revenue by eight of the larger towns:

Rocky Mount	6.643	29,912,573	$560,026.80
Fayetteville	7.946	23,269,112	746,928.62
Greenville	5.796	15,150,524	357,126.64
High Point	9.065	14,387,060	450,536.81
Gastonia	4.642	12,310,183	318,490.64
Lexington	4.456	12,196,660	308,001.24
New Bern	4.486	11,359,702	387,992.74
Kinston	5.410	10,908,536	334,167.04

RURAL ELECTRIFICATION

Rural Electric Membership Corporations during the year 1944 bought 46,826,262 kilowatt hours of current from privately-owned power companies or other sources and distributed it to its members. They paid an average of 1.22 cents per kilowatt hour for current purchased. There were in operation 27 of these companies besides one Georgia company which serves customers in Cherokee and Clay counties. Three of these membership corporations have generating plants of their own, one of which generates all the current that it sells. These plants are small and the current generated is not great. At the beginning of this year they had 12,036 miles of line in operation serving 4, 457 customers.

It has not been necessary for these membership corporations to build their own generating plants as the major power companies of the state have wholeheartedly cooperated with the membership corporations and Gwyn Price, the present commisisoner of the North Carolina Rural Electrification Authority, and his predecessor, Dudley Bagley. These commissioners have acted with vision and have seen the wisdom of teamwork with the privately-owned companies in rural electrification.

In this development the records show that the Carolina Power and Light Company and the Duke Power Company have played a great role not only in furnishing current for resale at reasonable prices but in extending direct service to thousands of customers in their respective territories.

An outstanding figure in rural electrification is D. S. Weaver, of State College. His vision and studies

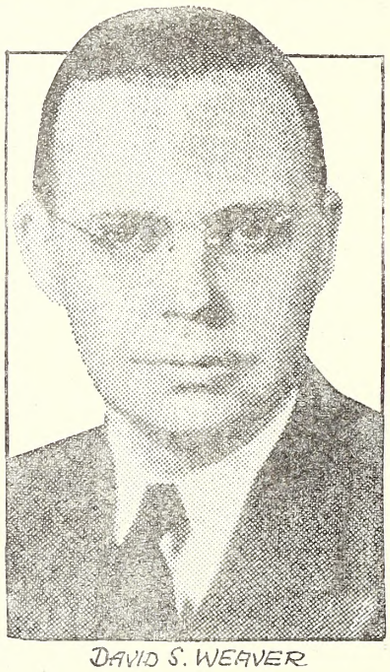
were of great aid not only to the membership corporations but to the privately-owned companies who sensed obligation to rural dwellers in their areas.

When the war shall come to an end and material shall become available for construction, rural electrification will undoubtedly go forward by leaps and bounds as rural areas everywhere now are thoroughly electric conscious and are clamoring for the appliances which will take the drudgery out of the home life, the barn and the farm, and put to work "hands" that tire not and pour profit into the lap of the farmer and his good wife.

This year, 1945, three more companies have been formed, one of which is already in operation.

ELECTRIFYING AGRICULTURE

By David S. Weaver, Professor of Agricultural Engineering, State College



DAVID S. WEAVER

The progress which was made in rural electrification in North Carolina in the decade after our right of way was cleared through the establishment by the General Assembly in 1934 of the North Carolina Rural Electrification Authority, is truly amazing. It has far exceeded expectations and astonished even those of us who originally saw the need and surveyed the possibilities of carrying electric power into the state's rural areas. At present, more than a third of North Carolina's farms have central station electric service. This represents a tremendous advance since 1935 when only 3.2 percent of our farms enjoyed that advantage.

The rate of this progress has been halted only temporarily by the materials shortages of the war years. The next decade holds the promise of continued expansion, possibly accelerated to show an even steeper upward trend than the one on the accompanying chart. Furthermore, such expansion can be started sooner than construction development in other fields, for the organizational work has been going forward in spite of interruption of actual electric line extensions. Many planned programs await only the availability of wire and other essential equipment. There are no reasons why eventually practically every farm and rural community in North Carolina should not have electric power with all its conveniences.

The value of electrification to rural communities and individual farm establishments, however, cannot be measured adequately in terms of miles of lines or of current consumed. The improvements in living standards, in the productive capacity of the people, in health, education and general welfare, must be multiplied by almost every phase of human activity you can think of.

HISTORY

Around the turn of the century, few except the larger towns were served by plants for the economical production of current. Consequently, the cost of current as a source of fuel, and in some cases even for light, was all but prohibitive for the average person. Rural electrification, the introduction of modern equipment, and continued improvement in machinery and methods have placed it within reach of practically all of North Carolina's 400 towns and villages of less than 2500 population as well as a large proportion of its rural inhabitants. It is generally recognized that the increase in the use of electric current for light and fuel has been tremendous and probably as great relatively as the increase for industrial use.

Prior to 1934, the demand for rural electrification in North Carolina was insignificant compared to the years that followed. Statewide development was precluded largely by the unorganized and scattered demand for rural electric power. However, vision was not lacking, and there were those who became interested in rural electrification from the standpoint of satisfying both material and cultural wants—in developing leisure and generally higher standards of living for farm families, aside from the purely productive possibilities of electric power.

While J. C. B. Ehringhaus was a gubernatorial candidate, he outlined in his speeches the many advantages and opportunities for development of rural living in North Carolina, with the possibility of electricity for our farms. At about the same time, the interest shown in rural electrification by the 28,000 farm families contacted in connection with a federal housing survey of ten North Carolina counties spurred a further investigation, conducted by the Agricultural Engineering Department of State College in the three counties of Cleveland, Edgecombe and Moore, of rural electrification possibilities. While this investigation revealed the gigantic possibilities inherent in an electrification program, it was not complete enough for a definite program. But as a result of it, Governor Ehringhaus, consulting with agricultural leaders, engineers and others, determined that a state-wide survey would be desirable and appointed a committee of outstanding rural leaders to draw up specific plans for such a 100-county survey. The committee met on May 31, 1934, and selected me to direct the survey which was to determine: (1) the location of the existing distribution lines serving rural customer; (2) the desire on the

part of the farm families for electric service; (3) the location of areas where the construction of rural lines would prove economically feasible. After some delay the Emergency Relief Administration approved the project and provided approximately $32,000. Following the introduction of our survey as a relief project, national officials became interested and many other states undertook similar surveys.

Through carefully planned publicity the idea of rural electrification was carried to the people of the state. This campaign to stimulate thought on the subject was so successful that the original estimates of the extent of the survey had to be repeatedly revised upward. Almost overnight 135 separate communities signified interest in the program and within six months 1,035 localities were developing their plans. Perhaps no other movement for the betterment of rural life in recent years so gripped the imagination of people. Whole counties, having despaired of ever obtaining electric service, awakened to the possibility of its attainment and the comfort which it provides.

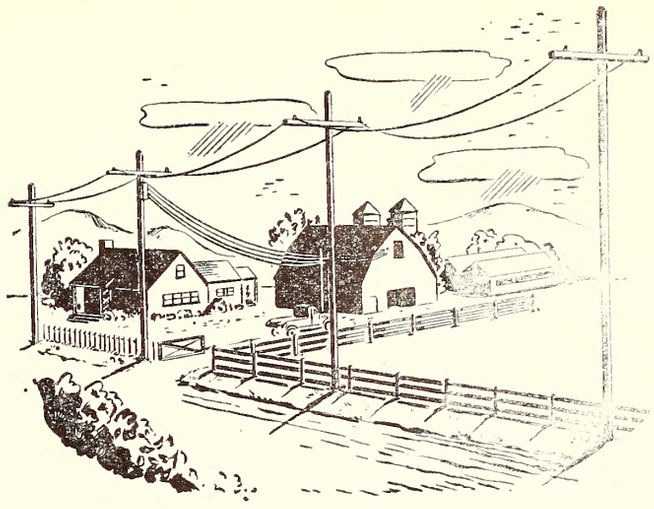
With the funds available, we conducted our survey over a 15-month period in which 58 engineers were employed in gathering and compiling data by a farm-to-farm canvass in interested communities. The results gave a complete picture of conditions throughout the state mapped by counties, statements of average costs per mile, calculated revenues and rates, data on buildings and appliances to be wired and used, and included the statement that:

"Although there will be fewer customers per mile on rural lines than in the cities, there are a great many more economical uses for electricity in the rural homes than in the urban homes. If the farmer's income can be raised sufficiently to permit him to afford the electric service and he can be educated in its economical use, many of the poorer lines will soon show sufficient revenue to make them paying propositions."

This state-wide survey indicated definitely the extent of the need for electrification of North Carolina farms, and in 1935, the General Assembly, sensing the quickening pulse of isolated and unserved rural areas, created a new department to be known as the North Carolina Rural Electrification Authority with an appropriation of $10,000 annually:

"To secure electrical service for the rural districts of the state where service is not now being rendered; to contact the power companies and othr agencies for the supply of electric energy, for and on behalf of the rural communities that desire service; to have such rights and authority to secure for such local communities assistance from any agency of the Federal Government . . .. for the purpose of promoting and encouraging the fullest possible use of electric energy in the state by making electric energy available to said inhabitants of the state at the lowest cost consistent with sound economy and prudent management."

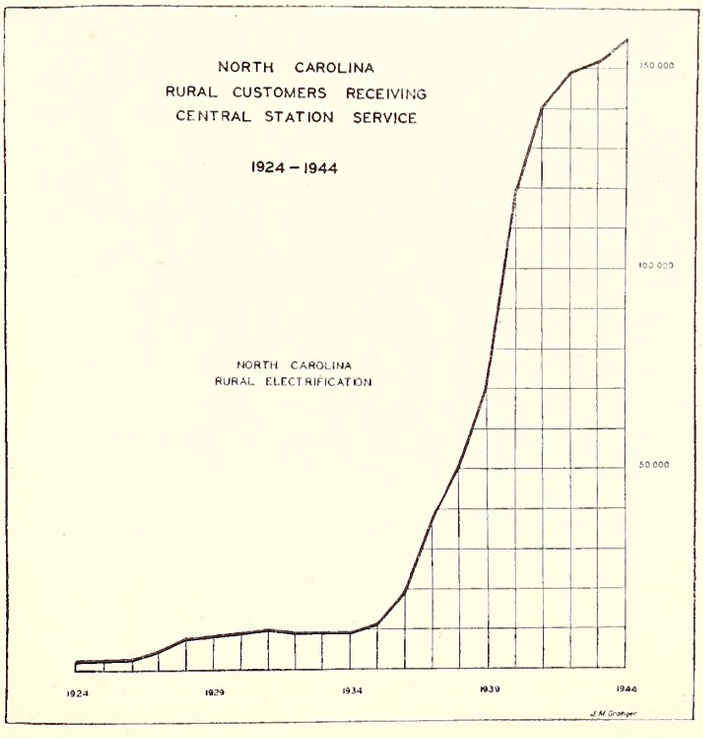
In short, the activities of the state Authority were to be promotional. The Authority has no money with which to construct rural lines and is dependent upon the cooperation of existing facilities to accomplish its purpose. Electric service to rural areas is supplied by three sources: (1) public utilities; (2) municipalities; and (3) cooperatives sponsored by the Federal Rural Electrification Administration. The latter agency was in its infancy at the time our Authority was established and had not yet announced its policies and plans, but the North Carolina Act



had made provisions for accepting any federal assistance which might be forthcoming.

The work of the Federal Rural Electrification Administration and the North Carolina Rural Electrification Authority has been much confused in the public mind. Although they have the same purpose of extending rural power lines to every possible section of the country, and of securing lower rates with the increased consumption which greater farm use brings about, and the education of the rural people in the use of electricoty, the Federal Administration has no district or state offices, while the North Carolina Authority has its office in Raleigh. A further distinction is that the state Authority has no funds except for maintenance; whereas the Federal Administration has many millions at its disposal.

Under the leadership of Dudley Bagley, first chairman of the North Carolina Authority, a practical plan was worked out for accomplishing its purposes. This enlisted the cooperation of established agencies —including public utility companies, municipalities, the State College Extension Service, and the State



Utilities Commission, under whose guidance power rates in North Carolina have steadily dropped. From the beginning of the program, the utility companies have actively cooperated with the Authority. The results of their efforts to date show that they have added more new rural customers than all other agencies combined. Approximately 60 towns own their power distribution systems and a large proportion of these have manifested their interest in the surrounding territories by building rural power lines. Getting off to a comparatively slow start, the Federal Rural Electrification Administration has in more recent years speeded up its program in this state through the formation of 30 rural electric cooperatives*

From 1935 to the present, the story of rural electrification in North Carolina is best told by statistics, some of which are indicated in the chart. Statistics themselves, however, do not reveal some of the tremendous obstacles that were encountered. Among these were the problems connected with construction costs, customer density, development of satisfactory rural rates, rights of way and the divisions of territory among competing agencies.

EDUCATION

A study of the uses to which those interviewed thought they could put electricity revealed that most people were thinking only in terms of lights for their homes. The much more important use of electricity to relieve farm drudgery and increase the quantity and quality of agricultural products was at first little appreciated. The fear of excessive costs and the lack of understanding of the many ways in which electricity could be applied to agriculture were very evident. Thus, another great factor necessary for the success of any agricultural program was clearly pointed out, namely, the education of our rural people, as well as the development of a practical plan of financing.

The final success of the rural electrification program probably depends as much upon the practical use made of electricity on our farms and in our farm homes as it does upon the actual extension of rural distribution lines. Because of this, close contact has been maintained between the Authority and the Agricultural Extension Service of State College. The assistance of the Extension Service has helped immeasurably in educating rural people in the uses to be made of electricity. In the early days meetings were held throughout the counties, chiefly devoted to supplying general information as to the steps necessary to secure assistance in building lines. Some of the early activity involved conducting schools, in which the Extension Service attempted to impress upon rural people the necessity for having a safe and adequate wiring system installed in their homes.

When the rural electrification program was first undertaken, the assistance of county agents, home demonstration agents and vocational agriculture teachers was enlisted. As the program developed, the interest of these workers increased, and their efforts have contributed materially, on the educational side, to the present status of the program in North Carolina. The interest of specialists whose work involved the application of electricity in its practical use in their particular fields—such as dairying, poultry, and horticulture—has accounted for a more widespread appreciation of the value of electricity for these phases of agricultural advancement.

As part of our promotional work, two bulletins—"Using Electricity on North Carolina Farms" (67,000 copies) and "Wiring and Lighting the Farm Home"—together with numerous leaffiets were distributed to the farm people of the state. Actual demonstrational equipment was made and exhibited, enabling people to observe in a practical way the problems and benefits of rural electrification. Extreme attention has been paid to the matter of safe and adequate wiring, which is considered by most observers as the "bottle-neck" in the rural electrification program, since inadequate wiring will prevent the use of sufficient appliances to make electricity a real economical asset on many of our farms. In spite of the thousands of farm people who undoubtedly have been influenced to wire their buildings adequately, it is impossible to reach all of the many new users. Those that do not have the foresight frequently awake to the fact that they made a mistake in not securing a sufficient sized wire, a large enough number of outlets, etc., to permit them to expand their uses of electricity to the fullest extent in the phases of home and farm work for which it is ideally suited.

PROGRESS

At the beginning of our program in 1935, there were 1,800 miles of rural lines serving 11,000 farm customers. In 1944, there were some 30,000 miles serving 97,590 farm customers. The estimated value of rural distribution lines in 1935 was $3,600,000 which by 1944 had increased to $30,000,000. Our 1943 survey revealed that the average customer planned to use 437 kilowatt hours per year, but a study of the electric bills of the same customers in 1943 showed that they were using 1,197 kilowatt hours per year.

While it is not possible to say definitely what part of the increased production in agriculture is due to electrification, it is interesting to note that in 1935, North Carolina produced 18,000,000 chickens and 46,000,000 dozens of eggs, while in 1943 the production was 38,000,000 chickens and 84,000,000 dozens of eggs. Similarly dairy production rose in the state from 148,000,000 gallons of milk in 1935 to 170,000,000 gallons in 1943. In Chatham county, for instance, because of the differentiating features in electrification the agricultural business has completely changed over from one-crop (cotton) farming to a diversified program of dairying and poultry raising. Siler City now has a poultry-processing plant with a capacity of 12,000 birds a day. When North Carolina was called upon to furnish fluid milk for army camps, the required conversion of barnyard

*The editor wishes to comment on the fact that while as non-profit organizations the electric membership corporations are not subject to the Unemployment Compensation Law, almost half of them have voluntarily elected coverage as subject employers in order to give their workers the protection of unemployment insurance.

milk into grade A would have been impossible without the help of electricity.

Switching to the rural home, it appears that in 1935 an estimated 29,000 radios, 16,000 water systems, and 2,000 refrigerators were in use; whereas by 1940, these had increased to 149,000 radios, 22,500 water systems, and 38,000 refrigerators. We have found that 50 percent of our North Carolina rural customers install electrical refrigeration—a greater saturation of this type of equipment than exists in urban communities. Such figures suggest the tremendous opportunity rural electrification offers through income-producing uses and the improvement of living standards.

You hear many farmers say they would never again farm without electricity. They have discovered that their actual cash income increases with its use. It helps to improve the quality of farm products —as milk for instance—and enables them to produce more with less personal effort. More cash permits the addition of more material comforts, and the conservation of human energy allows the individual time for cultural development. Electrification does more. It raises the property values of farms. It helps a landowner to acquire and hold good tenants. Its benefits multiply in every direction. There is the health angle, where running water and bathrooms in the home, safe sewage systems, septic tanks, and better diet from cooking and water improvement, all make for sounder bodies. And in education, better lighting means better home work from the school children.

Changing policies regarding loans by the Federal Administration and by the private utilities as far as their extension programs were concerned brought in as new, feasible territory many areas which were originally considered beyond the help of existing agencies.

One of the most notable features in the whole rural electrification program, credit for which must be divided among all the agencies participating, is the fact that the average cost of building rural lines is now around $380 per mile. This is a real contrast to the figures prevailing before 1934, when the utilities quoted costs of from $1,500 to $2,000 per mile. Some power companies are now willing to accept less than one-twelfth of the investment per mile per year in revenue instead of requiring one-third to be returned each year. This means that instead of demanding a total gross revenue per mile from customers on that mile of from $500 to $700 annually, they now accept $72 per mile per year. By this means the number of customers who could accept service has been increased due to the fact that their proportionate part of the cost has been so much reduced.

One of the factors accounting for the lower cost per mile in constructing rural lines, is the cooperation which has been afforded by the manufacturers of line materials. Transformers, wire insulators, poles, cross arms and all other hardware in connection with line construction was materially improved and the cost reduced. Greater strength of wire has been introduced to permit fewer poles per mile. Formerly up to 48 poles were set up, the standard number now is 14. The practice of using no cross arms and only one insulator also substantially reduced costs. As costs continue to be lowered and consumption grows as a result, the practical possibility of reaching less feasible areas is increased.

In using 100 kilowatt hours per month, the farm customer now pays from $3.50 to $5.00 as compared with a bill which would have been rendered him in 1932 at the rate of from $7.25 to $7.33.

History has been made in North Carolina in the past decade. No other similar length of time has seen such an improvement and such a desire for improvement on the part of our farm people.

THE FUTURE

While many more miles of line will be built, it is obvious that one of the largest problems facing the advancement of this program is that customers connected make wider use of electricity in their daily operations. Development in this direction follows extended service, but there is a lag tendency. Among all the improvements which may be made about a farm, there is nothing to compare with the versatile uses of electricity. A horse can plow land, but it cannot operate a washing machine, a tractor can drive an ensilage cutter, but it cannot brood chicks, a windmill can pump water but it cannot cook a meal, a gasoline engine can be used to grind feed but it cannot light a home, and so by comparison, electric current can do almost all things that other forms of power can do, and do it better, more economically, more safely and more quietly.

Increased use and reduced rates mean a continuously widening field for the spread of rural electrification. In other words, more and more people will learn to use electricity for practical purposes in their daily living as rates decrease and uses increase.

Electricity on the farm is no longer a luxury but has become a necessity for efficient farm production and management, and for better farm living. However, its fullest use is just beginning to be appreciated. When asked the question what would be the first electric service he would be willing to give up, one Tarheel farmer recently said: "Well, I hadn't thought about that before, but I guess it would be our lights. We just couldn't do without our refrigerator, water pump and brooder."

North Carolina's farm population includes 46 percent of the people living in the state—only one other state has a larger rural population. Hence postwar expansion of rural electrification will be of paramount importance to the welfare not only of the rural dwellers, but of the state as a whole. For electricity saves the farmer time, labor and money. Its effective use increases his real income through increased production for home use and for commercial markets. It makes possible the modernizing of rural community facilities and services for better health, better education, better recreation and the developmnt of new rural industries.

In spite of the significant development in the rapid expansion of electricity to our rural areas, only one-third of our farms are now enjoying the benefits of this source of power. The geographic distribution of miles of lines indicates perhaps more clearly than any other index the nature of the task which still lies ahead. There is great variation among the counties of the state as to the number of miles of electric

lines in operation. Some counties have scarcely any lines, whereas others have several hundred miles of rural electric power lines. Furthermore, the inadequacy of the distribution is indicated by a comparison of the number of miles of line with the number of rural inhabitants per square mile.

An unelectrified farm survey is under way covering every county in the state for use in accomplishing long time rural electrification objectives and as a blueprint for postwar planning. These surveys and maps are to be analyzed to delineate project areas, establish the number of miles needed to complete overall area coverage, and relate the effect of area coverage and consumer density to financial problems involved.

Based upon allotments already made and upon applications now on file, it is estimated by the North Carolina Rural Electrification Authority that during the immediate post-war period as soon as materials and labor are available, the municipalities, private utilities and cooperatives plan to build approximately 20,000 miles of lines to serve about 75,000 users. This will represent an investment of around $25,000,000 in line costs plus another $25,000,000 expected to be spent by the users for house wiring, fixtures, plumbing, etc.

Expected expansion of the use of electricity as well as planned area coverage will require changes in present systems and larger equipment. Consequently the accomplishment of the long time objective of rural electrification—of bringing electric service at reasonable cost to every farm and nonfarm dwelling unit in North Carolina now without it and seeing that it is put to us to afford farmers the maximum benefits—poses a number of problems. These include (1) completion and analysis of the unelectrified farm survey, (2) redesigning systems due to anticipated increased loads when equipment becomes available and to obtaining greater area coverage, (3) investigating as to the adequacy of power supply available, (4) the question of costs, (5) expansion of agency facilities, (6) office buildings and demonstration rooms for the cooperatives, (7) purchase programs for wiring and equipment.

In the midst of changing from a one or two cash crop type of agriculture to a balanced combination crop and livestock program, North Carolina is in a very favorable position to take advantage of all new developments in the use of electricity on the farm. The two enterprises which lend themselves best to mechanization through electrification are dairying and poultry production. As indicated above, we have already made tremendous strides in these two fields and further progress is easily seen.

The production of fruits and vegetables, now in its infancy in this state, can make use of electricity in many important ways. New developments in sweet potato curing and the production of flue-cured tobacco present fertile fields for electrical uses. The sudden and widespread interest in barn-type hay driers presents possibilities of untold extent. With less than 20 freezer locker plants in the state and the indicated interest of practically every community in refrigeration, a great field is developing for electric service.

North Carolina stands sixth in the list of states in the estimated number of potential consumers, and likewise sixth in the estimate of postwar expenditures on a complete rural electrification program for the state which would require the enormous amount of $125,699,000.

Can our 1,656,000 rural people living on 278,276 farms justify an expenditure of $125 millions for rural electrification in the post-war period? Those of us who have worked, planned, schemed—yes—and prayed for the many fine things that electricity can bring to our farms and our farm homes believe they can.

T. V. A. IN NORTH CAROLINA

BY MAURICE HENLE, INFORMATION CHIEF, TVA

Four of the 21 dams of the TVA multiple-purpose power, navigation, and flood control system are in North Carolina.

The greatest of these is Fontana Dam, towering 480 feet high in the gorge of the Little Tennessee River, where two 67,500 kilowatt generating units recently began adding to the wartime supply of electric power. The other dams are Hiwassee, Appalachia, and Chatuge, all on the Hiwassee River in North Carolina.

Three of the dams—Fontana, Appalachia, and Chatuge—were authorized and constructed initially for the purpose of providing electric power for national defense and war, but they fit into the broad regional program of the TVA for the development and wise use of natural resources in peacetime.

The dams are the most spectacular, but by no means the only, evidences of the TVA program in North Carolina. TVA concentrated phosphatic fertilizers are being used on nearly 5,600 test-demonstration farms under the direction of the State Extension Service. Minerals researches have been carried on in cooperation with state agencies, including work on North Carolina kaolins, vermiculite, olivine and mica. New and improved farm machinery, developed by TVA independently or in cooperation with Land-Grant Colleges, are in use on North Carolina farms, and a North Carolina firm is manufacturing commercially a TVA-developed small threshing machine. More than 11,600 acres of eroding land has been planted with 13,500,000 seedlings provided by TVA forest nurseries.

The first dam to be built by the TVA in North Carolina was Hiwassee, which was placed in operation in 1940. This structure, 307 feet high, created a reservoir 22 miles long with about 365,000 acre-feet of regulated storage for control of the Hiwassee River. In 1941, two additional dams were authorized on the Hiwassee River—Appalachia, 10 miles below Hiwassee Dam, and Chatuge, a storage dam on the

stream above. Chatuge Dam, with no power installation, was placed in operation in February, 1942, while Appalachia Dam was closed in February 1943, and power generation at the powerhouse 12 mlies downstream was commenced in September 1943. Water is carried from Appalachia reservoir to the powerhouse through a tunnel eight miles long.

Construction of Fontana Dam was commenced January 1, 1942, and the two generating units were placed in operation early in 1945, only a little over three years after start of construction.

Fontana Dam is the fourth highest dam in the United States, being exceeded in this regard only by Boulder, Grand Coulee, and Shasta, in the Far West. About 2,800,000 cubic yards of concrete were required to build it. The Fontana reservoir, extending 29 miles upstream to Bryson City, North Carolina, provides 1,127,000 acre-feet of useful controlled storage.

The dam and reservoir, authorized as a wartime power project, is particularly valuable from a power standpoint since water released through the turbines at Fontana also helps produce electric energy at ten additional dams and power plants on the Little Tennessee and Tennessee rivers.

Besides the four dams which it has constructed in North Carolina, the TVA directs the operation of five dams owned by the Aluminum Company of America, four of which are in North Carolina, so that in all, 26 dams are operated virtually as a single system. This integrated operation not only increases power output, with the additional energy divided between TVA and the Company, but also strengthens the flood control operations of the TVA.

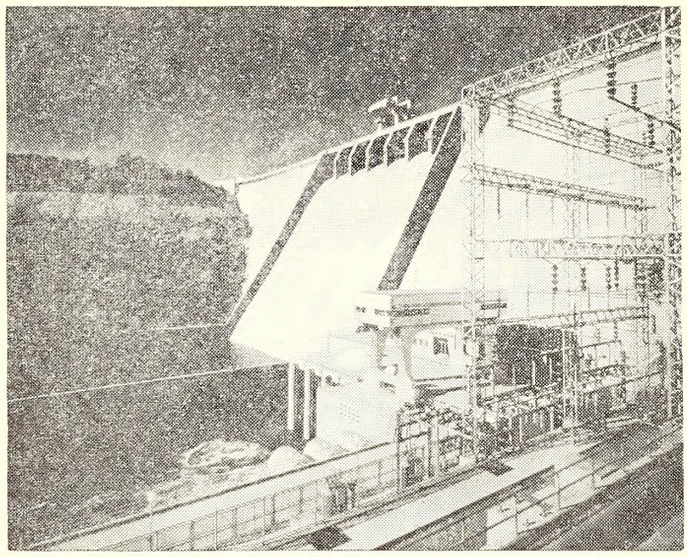
At the present time, the TVA system is producing more than 10 billion kwh a year, and about 75 percent of the power is utilized by war industry.

Only a small amount of TVA power is distributed in North Carolina, chiefly by the municipally-owned system of Murphy, but, as TVA Chairman David E. Lilienthal recently told civic clubs at Greensboro, in an address there, "After the war an opportunity will present itself for the factories and cities and towns and farms of North Carolina to put a part of this great pool of power to work for the ends of peace and prosperity.

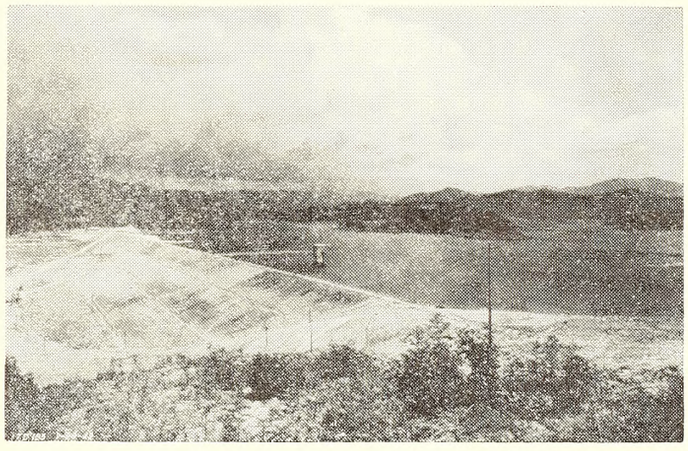
"But I ask you and the businessmen, the public officials, the farmers and householders of North Carolina and all other states to remember a basic tenet of TVA—that TVA does not press its power contracts upon anyone. If we did so—and we have no intention of changing our policy in this regard—we could be justly criticized.

"The initiative, the decision to seek TVA electricity must come from the people, from their towns and cities, their farm cooperatives and business enterprises. . . .

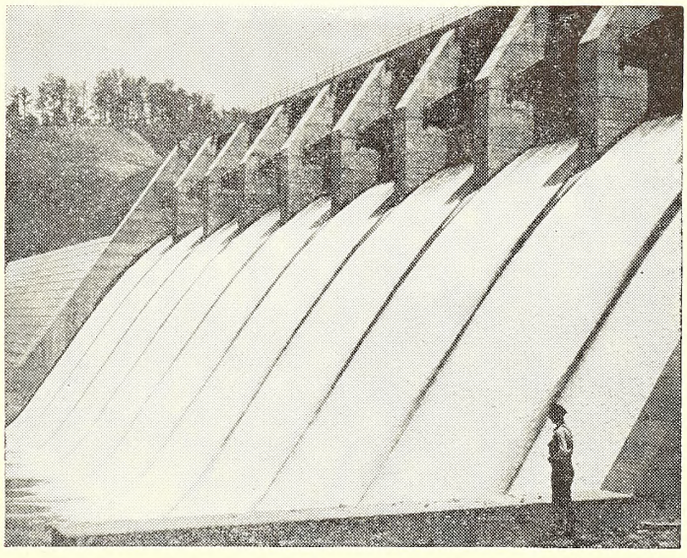
"Once, however, the decision to seek a greater use of TVA power is made, independently, by the people themselves, through their own spokesmen and repre-



This is Hiwassee Dam, the first to be built by TVA in North Carolina. It was completed in 1940. The dam, 307 feet high, is a part of the TVA multiple-purpose system of water control for navigation, flood control, and electric power.



Chatuge Dam, on the Hiwassee River in North Carolina, has no power installation, but water stored in its reservoirs increases the power output of Hiwassee, Apalachia, and other dams downstream. The dam was authorized by Congress in July, 1941, and was completed in about seven months.



Apalachia Dam, on the Hiwassee River in North Carolina, was placed in operation in 1943 to help provide electric power for war. The water shown here rushing down the spillway is now diverted through a tunnel eight mlies long to the powerhouse downstream.

Here is a view of one of the nearly 5,600 test-demonstration farms using TVA concentrated phosphate fertilizers in North Carolina. The test-demonstrations, under the auspices of the State Extension Service, are designed to show by practical experience the value of soil minerals in promoting soil conservation and increased farm prosperity.

sentatives, then you can rest assured that the TVA in the future as it has in the past, will cooperate to the fullest in translating your decisions into accomplished fact.

"The initiative and decision are yours, not ours. But from that point on, whether the subject is mineral development, forestry, recreation, industrial development, farm development, or electric power, all the resources of the TVA's technical staff, its experience, and most important of all, its desires to further the interests of the people of this state, whose servants we are, are at your disposal."

The Murphy municipal system has been distributing TVA power since November 8, 1939. The introduction of TVA rates for electricity brought initial savings of about $19,500, including about $8,600 to residential consumers.

Low rates brought about increased use of electricity as shown by the fact that in 1944 residential consumers used an average of 1,996 kwh, or more than 70 percent above the national residential average of 1,151 kwh per customer. During 1944, Murphy residential consumers paid an average of 1.69 cents per kwh, or less than half as much as the national average of 3.51 cents per kwh for residential service.

At the same time, the municipal electric system has been financially successful at low rates. In the fiscal year ending June 30, 1944, gross revenues amounted to about $45,900 and the net income, after providing for all expenses applicable to the fiscal year operations, amounted to $11,400.

Expenses of the system included $17,400 paid to the TVA for wholesale electric power. The system also provided for $2,200 in payments in lieu of taxes, $3,500 for depreciation, and $2,400 interest on the long term debt of the system.

FONTANA

BY BILL SHARPE, STATE NEWS BUREAU

First reaction of rubberneckers who get a glimpse of TVA's new Fontana dam and lake in western North Carolina is "my gosh!" And because the American people have a particular fondness for exclamatory sights, state travel officials think that some 1,500,000 people a year are going to my-gosh at Fontana after the war. Such a crowd would make it the most popular single attraction in the South.

The estimate is not based on wishful thinking. A people preoccupied with an admiring of engineering grandiosity already have proved by their attendance that a big power dam is as much a tourist attraction as anything else. In 1941, 1,300,000 people visited TVA's first-born—Norris Dam in Tennessee, and in eight years, over 11,000,000 people were counted as gazing at TVA's various projects.

The prophecy that Fontana is so likely to outdraw the others is based partly on our national passion for superlatives. Fontana rises 480 feet above bedrock and is the highest dam in eastern America and fourth highest in the world. Its construction involved all kinds of engineering novelties which TVA plans to explain to visitors via an information booth at the dam.

But aside from that, the lake is a setting of natural beauty, remote from disturbing civilization, and at a refreshing altitude. Rimmed by peaks which ascend 2,000 to 3,000 feet higher than the lake level, the lake also borders the Great Smoky Mountains National Park, which in 1941 itself drew 1,500,000 people. It does not appear unlikely that TVA's man-made gadget will become, singularly enough, the wilderness park's greatest drawing card.

Anticipating this flood of sightseers when the site is thrown open to the public, TVA currently is trying to interest some agency in what might become the largest single resort unit in this country. There are no facilities nearby and TVA would like to see the construction village preserved to accommodate the visitors.

The village contains hundreds of prefabricated cottages, equipped with stoves, some furniture, plumbing and wiring. It also has tennis courts, a hospital, a school, paved streets, and all the minor accoutrements of a modern town.

Nearby, and close to the dam, is also a construction camp containing dormitories, a large cafeteria, community buildings, and recreational halls. The dormitories will be dismantled as fire hazards, but TVA is anxious for the rest of the camp to be utilized as a recreational center supplementing the village. The State of North Carolina has been asked to consider the camp as a state park, aside from development of the village itself.

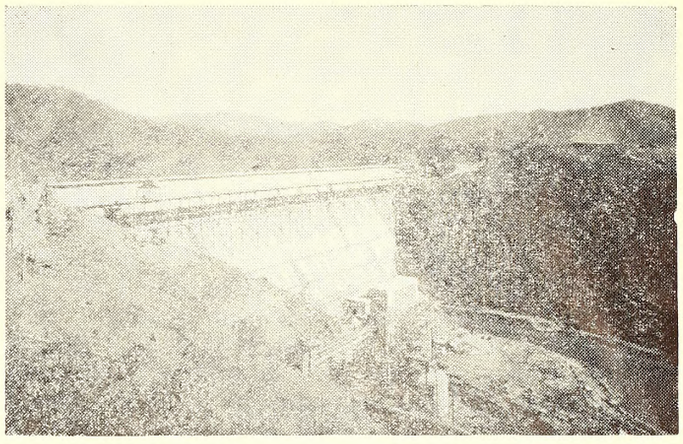
It is at the camp site, which borders the lake shore line, that TVA anticipates construction (by someone) of a boat harbor, launching ramp, picnic areas and perhaps a swimming pool. The lake itself, sharply sloping to a depth of 400 feet, is considered unsuitable for swimming at the dam head. It suggests the cafeteria could be converted into a recreational hall, providing indoor games, dancing, etc.

TVA is making its own plans to show its handiwork to its constituents. Access roads probably will be built up the rugged slopes into which is anchored the dam, and an observation platform will give camera fans a thrilling vantage point for the millions of snapshots which will inevitably be taken home. From the top of the dam a novel cable tramway will drop visitors down into the power house. There, on a special visitors' ramp, sight seers can watch the turbines at work and see other processes in hydro-electric generation. The terrain around the land is being scoured out now in a landscaping project.

The lake alone is expected to provide sport enough to hold visitors once they have been sated by the dam. Hundreds of boats will be operated from convenient docks, and fishing, as in other TVA dams, is expected to be attractive. Summer-long cottage occupancy is visualized.

All but 1,500 of the 5,000 people who once lived in the village and camp have gone, and dismantling of the facilities to be abandoned is going forward rapidly. Public visits now are restricted for security and safety considerations.

Meantime, would you like to lease a nice little modern city?



Early in 1944, two generating units of 67,500 kw capacity each commenced operation at Fontana Dam, 480-foot concrete structure on the Little Tennessee. The reservoir behind this dam has more than 1,100,000 acre-feet of useful storage for use through 11 hydro-electric plants on the Little Tennessee and Tennessee rivers. Head at this dam ranges from a maximum of 433 feet to a minimum of 248 feet.

Can N. C. Industry Absorb the Labor Surplus?[1]

BY SILAS F. CAMPBELL, CHIEF, BUREAU OF RESEARCH AND STATISTICS

It was asserted by Mr. Paul G. Hoffman, President of the Studebaker Corporation, and Chairman of the Committee for Economic Development, that productivity must be increased by one-third over the 1940 level in order to provide jobs for the seven to ten million workers who may be expected to become unemployed upon the termination of the war. Similar views have been expressed by others who have gathered much data and have made exhaustive studies of possible post-war trends. If this is a sound promise it may be assumed that, since unemployment in North Carolina has during the last decade remained consistently about 20 percent below the national level, it would only be necessary for North Carolina industry to increase the 1940 level of production by 26.67 percent, or 80.00 percent of the 33.34 percent increase required of the nation.

Upon such an assumption it will be of interest to compare the present position of North Carolina industry with the level of 1940, to determine what types of activity are above the 1940 level, where and what amount of loss could be sustained in present production and still maintain the necessary increase.[2]

COTTON TEXTILES

No doubt the most understandable comparison can be made of the changes in actual volume. Cotton consumption in 1943 was 35 percent above the 1940 level. Therefore, it could sustain a decline from the 1943 level of 6.18 percent and still exceed the 1940 level by 26.67 percent, and according to the views of economists, modified by our own experience, this would be sufficient to remove the danger of unemployment in cotton textiles.

It may be just as well to ask whether cotton textiles may be expected to maintain such a level in the post-war period. First, of course, is the problem of the extent to which synthetic fibers may replace cotton. Generally speaking the same machinery might be used but such a change would inevitably involve a redistribution of labor in manufacture and a serious reduction in agricultural labor. Undoubtedly cotton will be supplanted in some of its uses by synthetic fibers which have been proved superior for certain purposes. However, cotton fibers also have been the subject of laboratory experiments, and it is claimed that it is now possible to add as much as 50 percent to the tensile strength of cotton fiber by coating it with a newly developed solution.[3] Assuming that cotton holds its own at least during the unsettled period of reconversion, it is possible to estimate what pressure will be needed in this industry to achieve the necessary trend.

Indexes of cotton consumption in North Carolina computed by the Bureau of Research and Statistics of the Unemployment Compensation Commission, for the period 1913 to 1939 indicated an annual increment, compound interest basis, of 2.80 percent over a period of 27 years. However, annual increase

since 1930 was much greater than for the 17 years which preceded.

The average annual increase from 1930 to 1940 was 6.25 percent. Since this period bridged a complete business cycle, including an unprecedented depression, there is little reason to assume that had the war not intervened this rate of increase would not have been maintained. On this premise the 1943 level would have been 18.75 percent above 1940 without the stimulus of war production. Since the 1943 consumption was actually 35.00 percent above 1940, it appears that war contracts may have bolstered normal production only by the difference between 18.75 percent and 35.00 percent or by 16.25 percent.

It is clear, therefore, that in order to maintain production at 26.67 percent above the 1940 level, a new demand must be found which is beyond what would have existed under normal conditions in order to prevent a decline from the 1943 level of more than 6.18 percent. If the required level cannot be maintained with the buoyance of war contracts to support it, can it be done when that support is removed? Not unless accumulated consumer demand exceeds present war demands. This is a possibility, but once the slack is taken up there is little reason to expect that the upward slope of the demand curve will be more pronounced than during the last decade unless exportation of cotton goods is encouraged by some means other than the government purchase of cotton at full parity, while permitting the Commodity Credit Corporation to export cotton at a price which is less than that the North Carolina manufacturer must pay in competition for raw material.

ELECTRICAL ENERGY PRODUCTION

Applying the same sort of analysis to the production of electric current, it is found that a loss of 17.85 percent from the 1943 level could be sustained and yet maintain a lead of 26.67 percent over 1940. The production in 1943 was 54.18 percent above the 1940 level, and here again it is pertinent to observe what production might have been in the absence of war stimulus. The trend for the period 1920-1939 indicated an annual increase (compound interest basis) of 9.30 percent, which means that under normal conditions 1943 presumably would have been 27.90 percent above 1940.

On this basis the normal upward slope of the production curve would be sufficient to absorb the expected post-war deficiency in employment with 1.23 percent to spare. With modern inventions, conveniences and increased adaptability of electricity to commercial and industrial uses there is little reason to doubt that the trend of the past 20 years preceding 1940 will be maintained for some time, for gains have been consistent and continuous.

CIGARETTE PRODUCTION

Data represent tax paid withdrawals, but over a period of years they are safe as a measure of production. A post-war decline of 11.20 percent would be permissable on the basis of a 26.67 percent lead over the 1940 level. The 1913-1939 trend indicated an annual increase (compound interest basis) of 7.60 percent, which means that without the stimulus of war demand 1943 production would have been 22.80 percent above 1940, and to maintain a level 26.67 percent above 1940 would leave an additional increase of 3.87 percent to be supplied by some demand not indicated by past experience.

CEMENT SHIPMENTS

This series is important only as it reflects activity in building, street and road construction. Since practically all highways and streets are in bad repair as a result of neglect during the war, and private building is under severe restrictions, there is little doubt that for some time cement shipments will exceed the 1940 level by much more than 26.67 percent especially since the index for that year on a basis of long time trend was only 87.38. It would be necessary to increase the 1943 level only 5.86 percent in order to maintain the 26.67 percent lead over 1940.

CONSTRUCTION

In no other activity of the state is the normal reservoir of labor as large as in construction. This is an essential characteristic of job-to-job industries, and while there is every reason to believe that the tremendous back log of construction projects both residential and industrial that will clamor for labor as soon as restrictions are removed will carry the construction industry to heights not known before the war, it is doubtful whether it can or should result in full employment. The activity is highly seasonal with fluctuations simultaneously in opposite directions depending upon geographic and industrial characteristics of the area.

In 1943 construction was only 13.11 percent above the 1940 level. However, in this state war construction began in August, 1940 and while the index for that year was only 13.20 percent above the long time trend, it was 48.24 percent above the 1935-1939 average, and in 1943 was 70.63 percent above. It seems probable, therefore, that with only such post-war construction as can now be forseen, employment will construction as can now be foreseen, employment will tremendous road construction program of the twenties resulted in a declining trend for the period 1924-1939. An upward swing was just getting under way when the movement was accelerated by war contracts, and it may be expected that this upward movement will continue by its own power under a pre-war momentum.

FURNITURE SHIPMENTS

Like many other activities the manufacture of furniture has not been permitted to respond to the normal demand, yet, based on the indexes of identical reporting firms business in 1943 was 42.17 percent above the 1940 level, and while data are not at hand to determine what the trend over the past decade has been in dollar volume, year to year indexes indicate that continued growth and expansion may be expected. The industry could suffer a decline of 10.92 percent from the 1943 level and still maintain a 26.67 percent lead over 1940. No North Carolina industry has made greater strides during the past decade than furniture manufacture. Within 125 miles of High Point is the greatest concentration of

furniture manufacturing in the world, including the two largest furniture manufacturers in the world.[4] With all of the recent developments in adhesives, plastics and plywood the outlook for this industry is altogether optimistic.

EMPLOYMENT AND PAYROLLS

The Unemployment Compensation Commission covered 86.20 percent of the non-agricultural labor force in 1940 exclusive of government and non-farm domestic labor, and covered 89.50 percent in 1943.[5] This indicates that covered employment in 1943 was 21.51 percent above the level of 1940.[6] This is short of the required 26.67 percent lead over 1940 by 5.16 percent. The average of covered employment in 1940 was 474,872. An increase of 26.67 percent would bring it to 601,473, but this would still leave approximately 49,000 non-agricultural workers to be provided for in addition to returned service men.[7]

One of the brightest hopes of increasing post-war employment lies in the possibility of a greater industrial utilization of North Carolina farm crops. Laboratories have found many new uses for farm products in connection with war needs, such as the manufacture of penicillin, rubber, industrial alcohol, smokeless powder, plastics, industrial proteins, essential drying oils, automobile tire cord, synthetic fibers, tanning materials and many others. It is stated that normally this country imports two-thirds of its vegetable tanning materials, yet the plants from which these materials are derived grow profusely in North Carolina.

Other North Carolina farm products in which lie great industrial possibilities are: sweet potatoes for the production of industrial starch; peanut hulls and cornstalks for the production of a cork material for bottle capping; corn and wheat for the production of anti freeze, solvents, butadiene and synthetic rubber; peanut and cotton seed meal for the production of protein glues; ground corn-cobs for the production of a sand-blast material, ground vegetable leaves for the production of a protein poultry feed, and many others. It is said that eleven hundred persons, mostly trained chemists, are now at work on more than 160 projects dealing with the industrial use of agricultural products.[8] It is difficult to visualize the possibilities of increased employment that may grow out of these experiments.

It is generally recognized that industries now operating under the Unemployment Compensation law employ the bulk of the productive labor of the state although they account for only 43.26 percent of the entire labor force of the state. It seems obvious, therefore, that even should productivity be increased by 26.67 percent over the 1940 level, which seems possible for some industries, the problem is one that cannot be handled wholly within the present industrial set-up. The foregoing projections point to the conclusion that the problem will call for new incentives, new industries, and new jobs to supplement the best efforts present industry can put forth. Moreover, the question of occupational fitness must be considered. In the depression of the thirties frequent surveys disclosed that less than 12 percent of the unemployed were skilled workers, and the future demands of industry may be expected to be more exacting as to skill than in the past. However willing industry may be it cannot utilize at a profit those who will not fit themselves for profitable work.

AGRICULTURAL PRODUCTION

Approximately sixty percent of the land area of North Carolina is devoted to agriculture in which more than 400,000 of the gainful workers of the state, or more than thirty percent of the entire labor force, are employed.

The challenge for increased utilization of farm products through manufacture, if accepted, will furnish the incentive for increased agricultural production. It is of interest, therefore, to determine what the trend has been since World War I in the money crops of the state, as a means of estimating possible future development. From data furnished by the North Carolina Department of Agriculture trends have been calculated for eleven of the most important crops from 1920 to 1944, except for potatoes, 1929-1944, milk production, 1924-1943, and poultry and egg production, 1925-1942.

For most crops the index covers the period immediately following the last war and it is noteworthy that for most of them there was a decided decline. For some crops this downward trend was reversed early in the thirties. For others it extended well up to 1940.

There has been much comment about the tremendous crops during these last war years. However, except for 1944, the figures for which are preliminary, there appears to have been only a limited upswing in production. Cotton production was below the 25 year trend in both 1941 and 1943. Flue-cured tobacco was under the trend of 2.82 percent annual increase from 1940 to 1943, and Burley Tobacco was below the trend in 1940, 1941 and 1942.

(1) Note: Any opinions expressed herein are those of the author and do not necessarily reflect the view of the Commission.
(2) For a more detailed analysis of material in this section, see U. C. C. Bulletin, CURRENT BUSINESS TRENDS, for September, 1944.
(3) From "Revolutionary Changes Lie Ahead in Textiles," MANUFACTURERS RECORD (Nov., 1944).
(4) "Southern Furniture Leads the Nation," MANUFACTURERS RECORD (Nov., 1944).
(5) See Unemployment Compensation Commission *Biennial Report* 1942-1944.
(6) Employment in manufacture in North Carolina increased between 1940 and the peak year of 1942 by 21.05 percent, whereas, according to data of the Cleveland Trust Co., the increase for the United States exceeded 50.00 percent.
(7) The total non-agricultural labor force of the state in December, 1943 as reported by the United States Department of Labor, exclusive of government and non-farm domestic labor was 651,000.
(8) O. E. May, Chief of Agricultural and Industrial Chemistry, United States Department of Agriculture, MANUFACTURERS RECORD (Nov., 1944).

DIGEST OF COMMISSION DECISIONS

Thanks to the painstaking work of Mr. J. V. Soden, Senior Claims Examiner, the Commission now has both a Digest and an Index of all its past decisions regarding benefit payments. The Digest as compiled covers decisions from No. 1 to No. 600, inclusive. Supplements will be issued from time to time, as further decisions of the Commission are made, in order to keep the index and digest up-to-date.

U. C. C. Operations

UNEMPLOYED VETERANS—SIX MONTH REPORT BY U. C. C.

Veterans of this war, temporarily unemployed, received $243,831.00 in readjustment allowances under the G. I. Bill of Rights during the first six-month period of operations. In North Carolina, the G. I. readjustment allowance payments of $20 a week are made by the Unemployment Compensation Commission for the Veterans Administration.

The number of individual veterans receiving allowances while waiting to find employment had increased each month through January when an average of 791 veterans were paid each week. During February, the average number of veterans receiving the weekly payments dropped to 598.

The report for February, the last in the six-month period, reflected a general decrease in veterans claims. A total of 410 initial claims and 3,051 continued claims were processed during that month, whereas in January veterans filed 510 initiial claims and 3,827 continued claims.

It is estimated that altogether about 325,000 North Carolina service men and women will be eligible for these allowances, since veterans who have served 90 days or more in the armed forces and received honorable discharges are entitled to receive them, up to a maximum of 52 weeks, based upon their length of military service. These allowances provide financial aid during the interim of a veteran's discharge from service and his employment in suitable work.

It is apparent that relatively few of the veterans who have returned to the state to date—probably around 25,000—have made applications for readjustment allowances. Presumably many veterans who are finding employment reasonably soon, or are returning immediately to former jobs, prefer to conserve their readjustment allowance rights, to which they are entitled for two years following discharge from the service or two years after the termination of the war, whichever is the later date. There may also be a good many unemployed veterans who do not realize that readjustment allowances would be available to them upon application to the Unemployment Compensation Commission.

Applications to the Commission for readjustment allowances may be made at any of the offices of the U. S. Employment Service located throughout the state.

The Commission's six month report on the G. I. allowance also listed expiration of entitlement for two veterans, and a total of 63 claims filed by veterans on an interstate basis. Interstate claims are subsequent claims filed by veterans who have left North Carolina, after having first received readjustment allowances here. These claims are filed in other states and forwarded to North Carolina for payment.

Under another phase of the G. I. program making aid available for self-employed veterans whose trade, business, profession or vocation yields them net earnings of less than $100 in any month, the Commission handled claims for a total of 203 veterans during the first half year of operations. More than half of these self-employed veterans made their first application for allowance payments during the month of February. Claims of this type are taken by the Commission through the local employment offices, but are forwarded to the Veterans Administration for payment.

COMMISSIONERS HEAR STRIKE CASES

A two-day meeting of the Unemployment Compensation Commissioners held in the office of the Chairman, Col. A. L. Fletcher who presided, came to an end when the final case brought up for their decision had been heard.

Twelve cases in all were presented, some involving questions of the liability of employers and others involving issues surrounding the payment of benefits to claimants. In the latter group were three labor dispute cases in which claims had been filed by a total of 627 workers. Payment of benefits to these workers was denied on the ground of their relation to strikes which caused the unemployment. Cases of claimants who appeal from such determinations are heard by the Commission.

The cases heard at this session arose as the result of strikes that occurred at the Proximity Cotton Mill in Greensboro (December—425 claims filed), at the Cocker Machine Co. of Gastonia (January—88 claims filed), and the Jordan Spinning Co. of Cedar Falls (January—114 claims filed).

The Unemployment Compensation Law carries a provision that disqualifies a worker for benefit payments when it is found that his unemployment is due to a stoppage of work which exists because of a labor dispute, unless he can show that he is in no way directly interested in the dispute and does not belong to a grade or class of workers some of whom are participating in or have an interest in the dispute. The denial of unemployment insurance payments rests on the application to the facts as brought out by the evidence of interpretations of "labor dispute", "stoppage of work", "participating in", "grade or class of workers", etc. The Commissioners all agreed that under our law, the labor dispute cases which have been presented to them so far, have required them to uphold the earlier determinations of the Commission's claims deputies denying benefits.

U. C. C. FUND—$100,000,000

The balance in North Carolina's unemployment insurance fund rounded the figure of $100,000,000 at the end of the first quarter. This trust fund of 100 millions represents payments which have been made by over 10,000 North Carolina employers to assure their workers of some income in place of loss of wages during periods when they might be out of a job through no fault of their own. The present balance is the difference between all sums received from

employers plus $6,117,882.00 in interest earned, and all sums paid out to unemployed workers.

Under the terms of the Unemployment Compensation Law, all job insurance contributions from employers are transferred to the United States Treasury, where they are held in interest-bearing securities, either of or guaranteed by the United States. The present law provides that withdrawals from deposits made to the account of North Carolina may be made only for the purpose of paying unemployment benefits to workers released from covered employment in this state.

Increased war-time payrolls have resulted in larger employer contributions to the fund. At the same time many more workers have been having wage credits reported to their unemployment insurance accounts. It is expected that the number of individual workers for whom the Commission will have processed wage records this year will total well over a million.

More than 300,000 North Carolina men and women, temporarily without jobs, have benefited by receiving $25,000,000 from the unemployment compensation program so far. April, 1945, concluded the eighth year of accumulations to the unemployment trust fund. Payments from this fund, in the form of benefit checks to those entitled to receive insurance payments for unemployment, have amounted to $25,000,000, leaving a net balance available for the future of $100,000,000.

At the present time, with industrial war expansions, labor replacements of workers now in military service, etc., the active insurance accounts which the Commisison maintains for individual workers, number well over a million. In other words, more than a million North Carolinians, because of payments made by their employers to the Commission, have a stake in the fund. This $100,000,000 reserve balance represents their protection against post-war unemployment.

At one time in the history of the Commission, as many as 140,000 jobless workers were drawing benefit checks, but the claim load has dwindled steadily since this country embarked on war production. By June of 1942, the number of unemployed had fallen below any previous level, to an average of 7,000. The number continued declining, with almost every month signalling a new low in unemployment, through December of last year.

In that month, the number of unemployed, as indicated by an average of 400 weekly benefit checks paid throughout the state, probably touched bottom. About half of the local employment offices had been reporting no new claims.

The total amount of benefit payments for the first quarter of 1945 was $84,125.71. This was considerably less than the $446,204.87 which was added to the fund by the way of interest earned during the same period.

In the opinion of employment security administrators, in Washington and throughout the nation, the adequacy of the unemployment compensation program faces its first real test in the post-war period. With its $100,000,000 reserve fund, and with its major industries capable of re-conversion to peace-time production within a comparatively short time, judging by the speed with which these industries changed over to meet war production demands, North Carolina is believed to be in a relatively favorable position.

SEASONAL WORKERS MAY LOSE BENEFIT RIGHTS—

The unemployment benefit rights for seasonal workers may be limited in the future, following action by the General Assembly in approving an amendment of the U. C. Law which went into effect March 14th. Under this amendment, out-of-season unemployment, under specified conditions, in certain industries, or their branches, may be made non-compensable.

The amended law would enable employers in seasonal industries to establish with respect to all or only part of their business a special period, or season, of insured employment of less than a full calendar year.

Workers who lose their jobs within this specified period, may draw unemployment compensation for jobless weeks while the season lasts; but in the off-season, unemployed workers will not be entitled to draw benefits chargeable to their seasonal employer.

It is expected that employers engaged in such enterprises as tobacco processing and the resort hotel business may wish to take advantage of the amended provision. By doing so their reserve accounts in the Commission's trust fund would be relieved of charges due to unemployment of their former workers during the industries' off-season.

The new provision removes the requirement formerly in the law that an offer of work from season to season will have to be made. It stipulates that an employer who wishes to have his business, or a part of it, declared seasonal must apply to the Commission to establish such a season with respect to unemployment compensation.

The season must not be longer than 36 weeks. Regulations prescribe the manner in which application for a seasonal classification of an employer should be made, and define what such an application has to show as to the amount and kind of employment so that the Commission may determine when this is seasonal within the meaning of the law.

The effect on workers will be to reduce the possibility of drawing unemployment benefits during their off-season and encourage them to find work of other kinds during that period.

SMALL BUSINESSES HELPED MOST BY EXPERIENCE RATING

That it is the small operator rather than the large that gets unemployment protection for his employees at the least cost is demonstrated by an analysis of employer tax rates made by Silas F. Campbell, chief of the Bureau of Statistics of the U.C.C. Mr. Campbell concludes that since all employers who obtained a minimum rate of .27 percent of payroll for 1945 had an average payroll of $32,400 compared to an average for all employers of $78,800, that the small busi-

ness operator and his employees would tend to benefit most by an extension of unemployment compensation coverage to employers of fewer than eight workers.

The rate analysis shows that operators with a reduced tax rate of .65 percent had payrolls averaging $35,600. Those with a rate of 1.02 percent had an average payroll of $53,900. Employers with a tax rate of 1.39 percent have an average payroll of $105,400; those with a rate of 1.76 percent have payrolls averaging $113,000; and those who pay at the rate of 2.13 percent have payrolls averaging $154,000. Thus the smaller operators tend to benefit most from employer experience rating provisions in the Unemployment Compensation Law.

This pattern follows the experience in other states where unemployment compensation coverage includes the smaller businesses, in that they share in reduced tax rates to a greater extent than do the larger operators.

Of the 277 firms in the state which had a minimum rate of .27, 196, or 70.7 percent, were either in the merchandising or sawmilling business. Since the size of payroll fairly reflects the volume of employment, it is apparent that an extension of coverage to the small operator would result in the maximum benefit to be derived from the unemployment compensation program with a minimum burden upon the main street and cross-roads operator, whose employees suffer just as much when they become unemployed as those of the million dollar corporation.

North Carolina To Have Display Of Its War Products

BY M. R. DUNNAGAN

All articles produced and processed by hundreds of employers in North Carolina during the war period as contributions to the war effort are to be collected and properly displayed as a permanent exhibit in the state's Capital City for the information and pride of present and future generations.

Assurance has been given that producers and processors will gladly furnish the many items produced in the state, or models of articles too large for inclusion in a permanent exhibit, and Governor R. Gregg Cherry has agreed that he will accept the collection on behalf of the state, thus assuring the success of the movement. The plan for this permanent exhibit suggests that it will be a splendid method of showing the people of North Carolina, now and in the future, the extent of this state's participation in the war effort from an industrial viewpoint.

W. Kerr Scott, State Commissioner of Agriculture, under whose direction the already extensive State Museum is maintained, has given assurance of his interest in the proposal and assistance in handling the exhibit. He suggests that such an exhibit would be a valuable asset to the State Museum or the State Fair, in connection with the extensive plans for the future development of the State Fair grounds and buildings on a permanent basis.

The plan has the further approval of the members of two important war committees, members of which exercise control over war production problems as representative of federal procurement agencies, the Production Urgency Committee and the Manpower Priorities Committee—whose chairmen, Thomas J. Love and Dr. Dorton, head the War Production Board and the War Manpower Commission, respectively, in North Carolina. The plan also carries the approval of the State Management-Labor Committee of North Carolina, representing employers and workers.

Naturally, it will be necessary for the producers of war and war-supporting items in North Carolina to make contributions of the items they produce, carrying the names of the producers, method and extent of items produced, their use and other information, some of which must wait until the war with Japan is over, in order that military information may not be disclosed prematurely.

The cases in which the items produced or processed are too large or heavy for inclusion in the permanent exhibit, manufacturers or processors will be asked to prepare miniature models containing the essential features and materials of the items. Included in these would be the airplanes made in Burlington, Liberty Ships and other types made at Wilmington, New Bern, Manteo, Elizabeth City, Plymouth and other places; steel oil barges in Raleigh; long tom gun barrels, and other items in various parts of the state.

A recent survey showed that 151 North Carolina firms are engaged in producing war items or services that were on the national and state "must" lists—highly urgent in war needs. Still others are making numerous other war items that are more nearly on schedule and therefore are not placed on the higher priority lists. However, these are or have been just as important to the prosecution of the war.

Naturally, cotton textiles, in which this state was a leader already, include many of the "must" items. Recently, cotton textiles have been placed in high priority position, second only to vitally urgent secret items. Cotton duck for tents, half shelter, stretchers, ammunition belts and other purposes, is near the top in urgency. Insulating yarns, parachute yarns, tire cord and other items are also in great demand.

The recent survey showed that 127 firms in the "must" list are producing textile items and materials. Duck yarns are produced in 49 plants and in 47 plants insulating yarns are produced, while tent twill is made in 16 plants. Seven firms are making duck tenting, or cloth, one makes duck tents and another shelter halves. Tire cord yarn is produced in five plants, while in others products include high tenacity rayon, nylon tent cloth, nylon duck, nylon

ski-tent cloth, fragmentary bomb parachutes and cable yarns.

Two or three plants each are engaged in producing rockets, rocket bodies, barrels for guns, shells, gun mounts and bomb parts, specific items including bomb shell noses, bomb nose fuses, bomb caps, bomb clusters, bomb fins and bomb fin assembly, and pig lead, soft lead and antimonial lead.

One of the greatest items developed during this war, radar, has an important place in North Carolina production, seven plants are producing some parts of this highly secret device. Included are one plant listing just radar and others producing radar airborne parts, radar landborne gears, special radar parts, and anti-radar alumnium foil.

Airplanes in the past have been produced in this state, while a dozen plants are now engaged in some form of aircraft production, modification, assembly or processing. Six installations are engaged in airplane maintenance, three in airplane modification, two in airplane assembly, two in producing parts and components and one in producing propeller parts.

Ship and boat building has been and continues an important industry along the Atlantic seaboard as well as further inland. More than 100 Liberty ships for cargo purposes and many of other types are built at Wilmington, while a variety of other seacraft is produced at other eastern ports and elsewhere in the state. Other firms are engaged in making ship parts and in outfitting ships.

Gathered together, all of these items and many others about which little has been heard, will make an exhibit that will be a revolution to every citizen in North Carolina. In fact, most of the people of the state will be astounded at the extent of war production that has been going on around them.

This has been demonstrated on a smaller scale by the displays of these items and materials in store windows and theater lobbies in several communities in North Carolina in recent months. Even workers in the plants producing many of the items were surprised at the extent of their own operations, to say nothing of other people in the communities. Greensboro, Winston-Salem, Charlotte, Asheville, Hendersonville, Brevard, Lincolnton, and Raleigh are only a few of the communities in which local products have been displayed—to the utter amazement and gratification of the local people.

Dr. J. S. Dorton, State Director for the War Manpower Commission, outlined the plan for the permanent exhibit, as follows:

"The War Manpower Commission in North Carolina is now collecting from all manufacturers and processors specimens of war products being made in the state. We feel that such a collection of war materials will do much to stimulate morale of all North Carolinians who have contributed so wholeheartedly to the cause of freedom.

"While it is fairly well accepted that North Carolina has done a good job in producing for the war effort, few people realize the importance and magnitude of the job that has been done, and for this reason we are attempting to collect material evidence of the quantities produced.

"When finally collected and properly assembled and displayed, such an exhibit will be of great value, particularly as an historical reminder of North Carolina's civilian contribution in man hours, materials and products to this total war, and will, I feel sure, be a revelation to the people of our state and a source of great pride to our returning veterans and heroes, and our younger and future generations.

"Since such a collection will have tremendous value, the War Manpower Commission would like to turn this exhibit over to the State of North Carolina, after the cessation of hostilities, in order that it may be preserved permanently and exhibited as a part of the State Museum and/or the State Fair, since we are contemplating a permanent State Exhibit of all state products and resources in our new long-range expansion plans for the State Fair.

"Your acceptance of such a collection on the part of the state will do much to aid us in collecting these valuable materials, since the donors would then be assured of its permanent protection and preservation."

Governor Cherry replied to this letter as follows:

"It has been brought to my attention that under the supervision of your office, there is being collected and properly assembled for display an exhibit showing North Carolina's contribution in man hours, materials and products of the present World War. I feel that this is a worthy undertaking that should be preserved permanently.

"I will be glad to accept this exhibit on behalf of the state and undertake to work with your office in providing a suitable permanent place where the same may be exhibited for the information of our citizenship."

N. C. BUSINESS INDEX

The North Carolina business index for April (latest month for which figures are available) dropped to 128.85, a decline of 4.26 percent from March. The weighted index for April (considering the 1935-39 average as 100) stands at 165.78, or 65.78 percent above the five-year base average.

The figures are compiled by S. F. Campbell, statistician for the U. C. C. at Raleigh.

The April trend is attributed largely to decline in cigarette production by 8.51 percent; a decline of 15.71 percent in furniture shipment, a 34.06 nose dive in department store sales, a 9.98 percent decline in cotton consumption in the textile industry.

On the other hand, there was a sharp upturn in electrical energy production, a gain of 6.38 percent in gasoline sales, and a gain of 2.36 percent in sales of ordinary life insurance.

While employment and payroll data are not considered in computing the index, Campbell notes that "payrolls have shown a decline in three of the last four months, after a consistent upward trend since 1940. On the other hand, employment has been on the decline since 1942, and is now 23.30 percent below the 1932-39 trend, and 0.24 percent below the 1935-39 average." For the first time during the war, both employment and the wages are below the level of the previous year.

Publications of Unemployment Compensation Commission of North Carolina

Biennial Report, 1936-1938.

Biennial Report, 1938-1940.

Biennial Report, 1940-1942.

Biennial Report, 1942-1944.

Annual Report, 1937. (Mimeographed.) Out of print.

Annual Report, 1938. (Mimeographed.) Out of print.

Annual Report, 1939. (Mimeographed.)

Annual Report, 1940. (Mimeographed.)

Annual Report, 1941. (Mimeographed.) Out of print.

Unemployment Compensation Law as amended (1945.)

Employment Security News (mimeographed—weekly), started in 1936 by the North Carolina Employment Service. Now issued jointly by the Unemployment Compensation Commission of North Carolina and United States Employment Service. Suspended Dec. 1944 for duration.

North Carolina Employment Security Information, Volume I, Numbers 1-12, 1941. (Discontinued.)

U. C. C. Quarterly, Volume 1, Nos. 1-4 (1942-3)
Volume 2, Nos. 1-3 (1944)
Volume 3, No. 1 (1945)

Rules and Regulations.

Index and Digest of Commission Decisions 1-600.

CIRCULARS AND FOLDERS:

Benefit Payments for Partial Unemployment.

Employer Experience Rating in North Carolina.

Information for Workers about Unemployment Compensation.

POSTERS:

Employer's Certificate of Coverage and Notice to Workers.

Notice to Workers—Partial Benefits.

Are You Protected?

STATISTICAL REPORTS:

(Current series, mimeographed.)

Business Activity in North Carolina as Reflected by Movements in Selected Indicators—Current Trends (monthly).

Unemployment Compensation Trends (monthly). This report began with June 1943, and succeeds three of the former monthly series reports:

(1) Summary of Claims Activity

(2) Summary of Local Office Operations

(3) Number and Amount of Benefit Payments, by Office (monthly).

Weekly Summary of Initial and Continued Claims Taken and Benefit Checks Distributed by Area and Office.

(Special Studies, 1944-1945)

Analysis of Benefit Formulas—1936-1939-1940—Alternates

Analysis of Claims with Benefit Years Ending in 1944.

Covered Employment and Wages 1943, by County and Industry (Confidential)

Effect of Demobilization on N. C. Employment and Unemployment Compensation

Experience Rating in N. C., 1945

Geographic Distribution of the N. C. Labor Force

Industrial Distribution of the N. C. Labor Force

Industrial Trends in N. C., 1940-1942

Post-War Unemployment.

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NORTH CAROLINA

THE U.C.C. QUARTERLY

VOLUME 3, NO. 3 SUMMER, 1945

Transportation on North Carolina Highways.

PUBLISHED BY

UNEMPLOYMENT COMPENSATION COMMISSION OF NORTH CAROLINA

The U. C. C. Quarterly

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UNEMPLOYMENT COMPENSATION COMMISSION OF NORTH CAROLINA

Commissioners: Mrs. W. T. Bost, Raleigh; Judge C. E. Cowan, Morganton; C. A. Fink, Spencer; R. Dave Hall, Belmont; R. Grady Rankin, Charlotte; Dr. Harry D. Wolf, Chapel Hill.

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A. L. FLETCHER . . . . . *Chairman*
R. FULLER MARTIN . . . . . *Director*
MRS. FRANCES T. HILL . . . . . *Editor*

Cover illustrations represent typical North Carolina industries under the unemployment compensation program.

Cover for Summer 1945—Transportation on North Carolina Highways. Illustration from the N. C. Department of Conservation and Development. The operation of transportation facilities comprises one of our most important industrial enterprises. This issue of the *Quarterly* contains as its feature an article on the development of our bus system of transportation by the Traffic Manager of the Carolina Coach Company, and two articles dealing with trucking. These are the two most important branches of the transportation system which are embraced by the Unemployment Compensation program. The rail carriers have a separate unemployment insurance program administered by the Railroad Retirement Board.

Sent free and upon request to responsible individuals, agencies, organizations and libraries. Address: U. C. C. Informational Service, Raleigh, N. C.

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CONTENTS

Colonel Fletcher ---------- 58
President Truman's U. C. Program, by A. L. Fletcher ---------- 59
Facts Worth Knowing about Unemployment Compensation ---------- 60
North Carolina's Economic Loss ---------- 61
1945 Amendments to U. C. Law ---------- 62
Social Insurance—Present Status, by Frank T. DeVyver ---------- 63
Cash Sickness and Disability Benefits ---------- 65
History Follows The Highways, by W. G. Humphreys ---------- 66
Transportation Sketch, by Jay C. Steadman ---------- 68
Roll On, Motor Carriers ---------- 71
State Jobless Payments Low ---------- 73
Scientists of Duke and Three States Perfect Growing of Turkish Tobacco, etc. ---------- 73
Notes on U. C. C. Operations ---------- 75
- New Benefit Formula
- Trend in Funds Available for Benefit Payments
- Veterans Who Work for Themselves
- Industrial Shifts in Employment
- North Carolina as "Liable" and as "Agent" State
- Effect of War Production on Industry
- Exhaustion of Benefit Rights

North Carolina Business Trends ---------- 79
Employer, Jr. ---------- 83

COLONEL FLETCHER

The re-appointment of Lt.-Col. A. L. Fletcher as Chairman of the U. C. C. has been announced, and a period of uncertainty as to pilotage of the agency has ended. The action of Governor R. Gregg Cherry in asking Colonel Fletcher to remain in command assures experienced control during a difficult period in the service.

Intermittently during the war the U. C. C. management has been disturbed as emergency drafts on its important personnel occurred. During most of this period, however, the seasoned and able director, Dr. W. R. Curtis, or Chairman Fletcher himself was with the agency. From the intra-mural view, the reappointment of Colonel Fletcher became more important when Dr. Curtis resigned recently to go to Washington. It is likely that the services of the Unemployment Compensation system will be tested severely in the period immediately ahead of us, and the agency should be shipshape against the day of special pressure which partial or general demobilization of Armed Forces will bring upon it. Experienced leadership is of special value now.

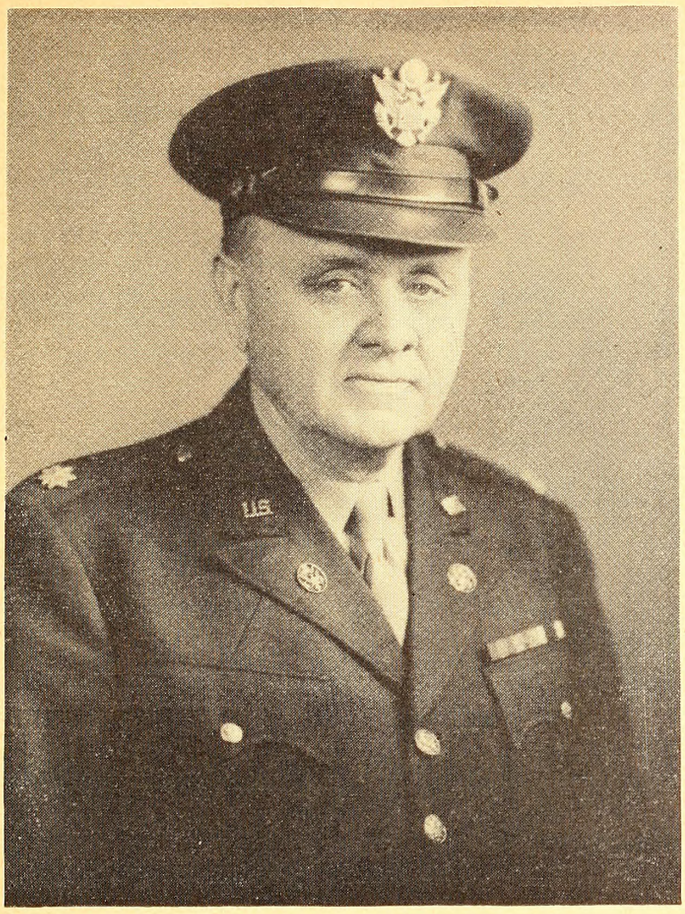
This may be an appropriate time and place to say something more about the man who is Chairman of the Commission. He is not so far from the age when the public servant can retire with the feeling that his period of service is naturally ended, but Colonel Fletcher is a young man in physical vigor and in the richness of his emotional and mental life. He has a rugged inheritance. Son of a living and active Baptist minister, native himself of Ashe County, an area in which long life seems to be somewhat more common than the average, Colonel Fletcher came to the beginning of the second World War, seasoned veteran of the first, but competent to respond to a new military call.

He has been a military man all of his adult life. He has served as an officer in two great wars. Those who served under him attest that he was a commander of firmness and efficiency but one of ready human understandings, and quick sympathies.

Colonel Fletcher graduated from Wake Forest College and became a lawyer. He moved from newspaper work with the Raleigh Times and then the Durham Sun and the Lexington Dispatch into the practice of law with his brother in Raleigh. About that time he became a National Guardsman. He served with his company on the Mexican border in the fracas which briefly preceded the first World War, and the war itself quickly thereafter drew him into more serious military service. He went to France as a Captain of his company, ending his brief career as a practicing lawyer.

He never surrendered his affiliation with the military forces. He was commissioned Major and retained the rank and kept up his military contacts as a National Guard officer.

Colonel Fletcher entered public service in civil life after the war. He was Deputy Insurance Commissioner for some years, and then in 1932 was elected State Commissioner of Labor. He held that office in the period of the greatest adventure in reforming the American labor policy. Both in Raleigh



LT.-COL. A. L. FLETCHER

and in Washington, Colonel Fletcher's influence was constantly operating in the interest of practical social security measures of state and national governments. He was a sane liberal in these matters with his feet solidly on the ground. The soundness of his judgment and the fineness of his spirit won him recognition in national councils and resulted in frequent drafts upon his time and energies. For a while he served in the emergency days of NRA in an important capacity with the national office of enforcement.

He surrendered the State commissionership of labor at Washington's call, giving up a work which he loved and an office in which he had entrenched himself solidly, by his policies winning the confidence of both management and labor.

Colonel Fletcher's original identification with the U. C. C. was a natural continuation of his service to the State's industrial forces. He was appointed by Governor J. M. Broughton as the successor to the first chairman, Charles G. Powell. He has made a good record in building up and maintaining the organization under trying conditions. The administration of the North Carolina U. C. C. compares most favorably with that of the best operated of similar state agencies. In his chairmanship he has worked constantly for reasonable liberalization of statutes and regulations under which the agency operates. He has sought unchangingly to extend the benefits of the agency to more North Carolina workers.

Colonel Fletcher possesses an unusual sense of responsibility in his public service. His fine combination of emotional concern for his fellow man and a soldier-like sense of the importance of firm discipline gives the U. C. C. the kind of commander it needs for the emergency. He has indicated a desire to retire after another year's service. Whether he retires then or later, there can be little doubt of the wisdom of the Governor in inviting him to stay on the job for the tasks immediately ahead in U. C. C. management.

CAPUS M. WAYNICK,
Chairman, State Advisory Council, Unemployment Compensation Commission of North Carolina.

President Truman's U. C. Program

BY A. L. FLETCHER, CHAIRMAN, U. C. C.

The recent recommendation of the President that Congress provide unemployment compensation of $25.00 a week, with a potential duration of 26 to 52 weeks for all eligible claimants, is not the first, but a very important step toward complete federalization of unemployment compensation.

Once attained, such a result would form the basic argument for adequacy and uniformity which it would be claimed could only be maintained through Federal administration. Such a course does not look to the inequities that would follow such a policy. The fact that employees in all States would receive weekly benefits based on the same schedule would not make it equitable either between employes in different industries or as between States producing different types of products.

In States such as North Carolina, a large percentage of whose manufactures is confined to low grade production where unskilled labor is essential to profitable manufacture, the weekly benefit amount would be raised to the point where extended idleness would be encouraged.

No State interested in fair treatment to its employers and the protection of its funds against extravagant benefit payments knowingly would adopt a system whereby the weekly benefit payments would exceed the average weekly wage of the covered workers in that State.

The suggested course does not look to the fact that many States through large rate reductions, if their potential obligations be considered, have seriously weakened their reserve funds, while other States with more conservative rate reductions have built up a reserve fund adequate to meet extreme postwar conditions. While such funds are on deposit with the Federal treasury, the employers and the workers under a State-administered system have a vested interest in such funds which they would lose under a

Federally administered plan; for, under it, the funds in a State which had an efficient system would become available for the payment of benefits in those States where the contribution rates of many employers had been reduced to zero as a result of extensive rate reductions. This would mean the payment of benefits in those States out of funds contributed by employers in other States who paid a higher rate and where adequate reserves had been created.

Any schedule provided at the national level that would pay benefits equivalent to half the weekly wage in States with specialized industries and high wage levels would produce payments high enough to equal if not exceed the average weekly wage in States engaged in low-grade manufacture and services requiring semi-skilled or unskilled labor. This could only encourage rather than prevent unemployment.

It is unlikely that wages will maintain the war-time level indefinitely. The tendency in most States will be toward the pre-war level. It is not difficult to foresee the effect upon unemployment if the average wage in North Carolina should return to the 1939 level of $17.44 with a weekly benefit amount of $25.00. Nor is it difficult to estimate the effect upon moral tone of the labor force, especially seasonal workers of which there are more than 30,000 in this State who work in covered employment only for a few weeks in the year, if the duration of benefit payments is extended from 16 to 26 weeks, or even to 52 weeks within the discretion of the Social Security Board, as provided by the Wagner Bill.

The experience in this State has been that more than 50 percent of our seasonal workers, particularly those in the tobacco processing industry, draw the maximum of 16 weeks benefits. Without some restrictions they would doubtless draw 26 weeks and more if permitted to do so, especially since the benefits provided by this Bill are on the average as much as this class of worker consistently earns in non-covered employment.

For instance, a Negro woman, usually a household worker, with two children, works for nine weeks during the tobacco-processing season in a warehouse at the minimum wage of 40c an hour on a 44-hour week basis. Her earnings for that period of $158.40 would qualify her under the Wagner Bill to receive a weekly benefit of $11.20, which she might draw (at the discretion of the board) for 42 weeks, allowing one week as a waiting period. This, together with the wages earned during the nine weeks, would give her an annual income of $628.80, or more than $50.00 a month, which few workers in this group are able to earn. By doing laundry work one day a week for $3.00 she could, without reducing her weekly benefits, increase her income to $63.15 a month and remain idle five days a week.

This Commission shares the chagrin of all forward looking people who had hoped for a moderate liberalization of our State program by the last Legislature. While our aims were not fully realized, some progress was made in that direction by increasing the level of benefit payments. As between the ultra-conservative action of our Legislature and the extravagant views of some of the Federal administrators, the Commission is disposed to stand by our General Assembly, with the fervent hope that our next act toward liberalization will aim, instead of paying more benefits to those now covered, to provide a reasonable benefit to all workers in subject employment, whether the employer has one or eight employees, a liberalization which not even the Federal Law now provides, although many State laws do.

It is entirely possible, therefore, that the administration could better serve the ends of social security by centering its efforts upon a national extension of coverage to one or more employees rather than by suggesting an immediate appropriation for the benefit of war workers which would make the neglect of this important segment of our labor force all the more shameful.

FACTS WORTH KNOWING

ABOUT

UNEMPLOYMENT COMPENSATION IN NORTH CAROLINA

More Than—

800,00 North Carolinians have protection against wage-loss.

More Than—

$105,000,000 is available for benefit payments when needed.

More Than—

10,000 employers pay the taxes that support this fund.

More Than—

3,800,000 claims have been paid.

More Than—

300,000 individuals have received unemployment compensation checks.

More Than—

100 percent of covered workers currenly employed could be paid an average benefit amount for the duration of 16 weeks.

AND

NATIONALLY

More Than—

Six billions have been accumulated in state unemployment compensation reserves.

More Than—

18,000,000 workers could be supported by these state funds with average benefits for maximum durations.

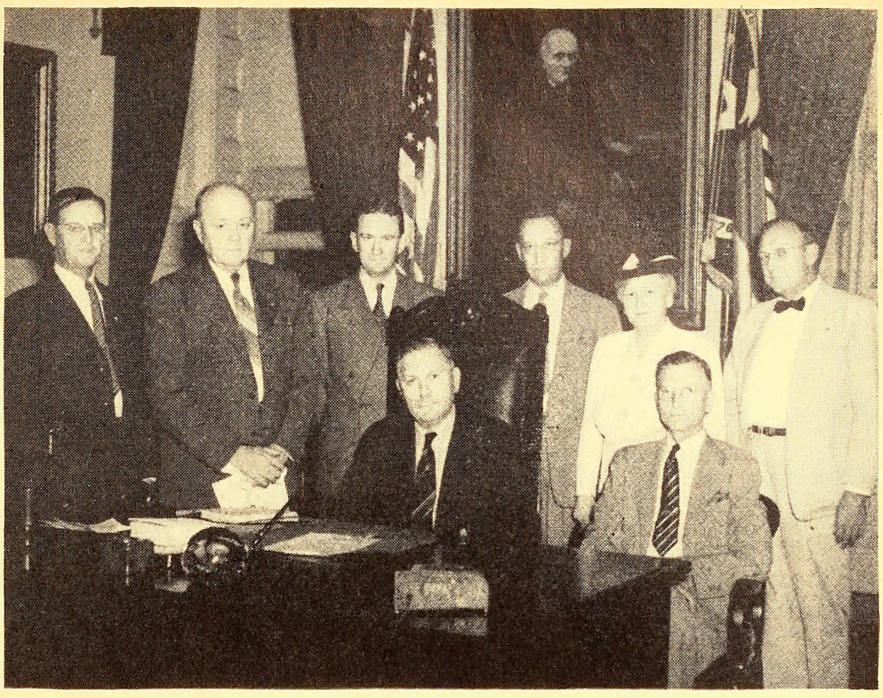
NEVERTHELESS

More—

Workers in North Carolina are without unemployment insurance protection than those who have it—including workers for small firms, for non-profit institutions, in government (state, city and county) and domestic service, and farm workers.

More—

In Benefits could be paid from the North Carolina fund without endangering its solvency in the postwar period, when the unemployed may face more than 16 weeks without employment.



Unemployment Compensation Commission — Members of the North Carolina Unemployment Compensation Commission, appointed by Gov. R. Gregg Cherry, meet with the governor in the capitol at Raleigh. The governor is seated and beside him sits Justice M. V. Barnhill. Standing, left to right: C. A. Fink, Spencer; A. L. Fletcher, Raleigh; R. Dave Hall, Belmont; Dr. Harry Wolf, Chapel Hill; Mrs. W. T. Bost, Raleigh, and C. E. Cowan, Morganton. R. Grady Rankin, Gastonia, was not present.

NORTH CAROLINA'S ECONOMIC LOSS

Should everyone of the 321,000 servicemen from North Carolina be killed in action the loss would be less in number than the state has sustained since 1930 by the migration of North Carolina workers to other states, and the loss since April 1, 1940 has been greater than for any other state except Oklahoma.

How can this be when the 1940 census gave an increase over 1930 of 12.7 percent? Deduct the net increase in population for the period from the excess of births over deaths and you have the answer.

This exodus of North Carolina workers, which was greatly accelerated by the war has been going on since 1920, increasing progressively each decade.

These are human values. They represent a tremendous economic loss. The investment in their education and training through the years of their non-productivity appears to have prepared them only to take their places in the industrial progress of other states in which North Carolina has no share. Doubtless most of them have at one time or another, perhaps many times, been on the registers of our State Employment Service without finding a job. No opportunity has been afforded them to use their skills in the state which has been so solicitous for their health, and their education, but which apparently loses interest in them when they reach the age of productivity and useful citizenship. It is hard to believe that many of them left the state to find a more agreeable climate, more congenial friends, or hospitable neighbors. This would be difficult to do if we may accept the judgment of non-residents who tarry in their journey across our state.

There is only one reason for it; there can be but one answer to it. The state, though committing itself to a policy of industrialization, has waited for outside capital, brains and progressiveness to do the job. The result is that virtually every major industrial development of the last two decades is in foreign hands. And, in such achievement, in too many instances, their foresightedness has so tied up our material resources, in options, leases and other operational agreements that little opportunity in those particular fields for further development is left for North Carolina capital, even if we had the industrial acumen, aggressiveness and interest in our kith and kin to employ it for the good of all.

We are not, however, entirely circumscribed. There are many attractive fields as yet untouched. We need to take a lesson from the farmer and the brood of the larks in his wheat-field, to get rid of the incubus of foreign controls, of propaganda advertising for foreign capital, and to put North Carolina capital to work where it will not only yield a dividend in money, but no less in North Carolina talent, character and citizenship.

North Carolina has a birth rate 76 percent higher than England or Wales, and 19 percent higher than the average of this country. Unless we are willing to assume the responsibility here suggested, we may expect to continue to educate and train our youth for the benefit of other states. We may also expect to continue to sell our agricultural and low-grade manufactured products in an unprotected world market and to buy with low-wage money its manufactured goods at prices supported by protective tariffs.

With the removal of freight rate discrimination, and with the industrial opportunities that lie immediately before us neither of these eventualities need be permitted in our postwar program.

S. F. CAMPBELL, *Chief*
Bureau of Research and Statistics
Unemployment Compensation Commission

1945 Amendments to U. C. Law

The 1945 General Assembly devoted some of its committee time to debating amendments to our unemployment compensation law which affect some million North Carolina workers—past, present and future—and over ten thousand employers. A few important changes were made.

BENEFIT FORMULA

A new benefit formula was adopted, replacing the one formerly in the Law, under which North Carolina's unemployment benefit payments have averaged the lowest of any state in the country. This new formula is designed to bring payments in this state more nearly in line with those being paid to unemployed workers elsewhere, particularly in view of higher living costs. It is based on a detailed study made by the Commission and was constructed with regard to several factors. Among these was the desire to produce an average weekly payment for total unemployment bearing approximately the same relationship to national average weekly payments as the North Carolina wage level bears to the national wage level; the intention to retain $130 as minimum qualifying wages and weight the schedule in proportion to earnings in favor of the lower-paid workers who, it is assumed, are more irregularly employed; and the purpose of safeguarding the solvency of the fund.

The Commission's study of alternate benefit formulas showed that, even with severe and widespread post-war unemployment in North Carolina, the unemployment compensation fund could finance benefits at the new rates and still have a fully adequate balance to meet all potential liabilities. The new benefit formula carries a minimum weekly payment of $4.00, a maximum weekly payment of $20.00, allowing for a maximum duration of 20 weeks. Under this plan, about half of North Carolina payments should be between $10.00 and $15.00; whereas in the past over 80 per cent of all weekly benefits paid have been less than $10.00 in amount.

However, the Legislative committees vetoed the proposal to extend maximum duration from 16 to 20 weeks.

Benefit Schedule Which Became Effective On March 13, 1945

COLUMN I Wages Paid During Base Period	COLUMN II Weekly Benefit Amount
Under $130.00	Ineligible
$ 130.00 to $ 152.99	$ 4.00
153.00 to 178.00	4.00
179.00 to 207.99	5.00
208.00 to 239.99	5.50
240.00 to 275.99	6.00
276.00 to 316.99	6.50
317.00 to 362.99	7.00
363.00 to 415.99	7.50
416.00 to 464.99	8.00
465.00 to 519.99	8.50
520.00 to 580.99	9.00
581.00 to 649.99	9.50
650.00 to 727.99	10.00
728.00 to 788.99	10.50
789.00 to 853.99	11.00
854.00 to 923.99	11.50
924.00 to 999.99	12.00
1,000.00 to 1,081.99	12.50
1,082.00 to 1,169.99	13.00
1,170.00 to 1,265.99	13.50
1,266.00 to 1,370.99	14.00
1,371.00 to 1,485.99	14.50
1,486.00 to 1,611.99	15.00
1,612.00 to 1,663.99	15.50
1,664.00 to 1,715.99	16.00
1,716.00 to 1,767.99	16.50
1,768.00 to 1,819.99	17.00
1,820.00 to 1,871.99	17.50
1,872.00 to 1,923.99	18.00
1,924.00 to 1,975.99	18.50
1,976.00 to 2,027.99	19.00
2,028.00 to 2,079.99	19.50
2,080.00 and over	20.00

VETERANS

A new definition of "veteran" and further provisions regarding veterans' benefit rights were made part of the Law, in order to preserve and carry forward the insurance protection of those who had established wage credits available. It was considered that regardless of provisions made by the Federal Government for unemployed veterans, the State also has an obligation of its own to those whose employment was interrupted by service—to make the benefit rights established by them before going to war available to them on their return, should occasion arise, after using up G. I. allowances. Where a veteran, by means of subsequent earnings, establishes a new set of wage credits to his account prior to his unemployment, he is allowed to choose whether to draw compensation against these or against his previous "frozen" wage credits.

The general effect of the amendment is to extend the period of time during which veterans may draw unemployment compensation to two years beyond the date of exhaustion of their readpustment allowance rights. Furthermore the maximum duration of benefits under the "freezing" provision was extended from 16 to 20 weeks. This means that a qualified veteran with "frozen" base year credits yielding a $20.00 weekly benefit amount, may, if unemployed for 20 weeks after using up his federal readjustment allowances, receive $400.00 from the Unemployment Compensation Fund.

TOTAL AND PARTIAL UNEMPLOYMENT

The amended law defines total unemployment as: "An individual shall be deemed totally unemployed in any week with respect to which no wages are payable to him and during which he performs no services." This means that if a claimant has any earnings with respect to any week, he is not totally unemployed but is partially unemployed. Partial unemployment is defined as ::"An individual shall be deemed partially unemployed in any week in which, because of lack of work, he worked less than 60 percent of the customary scheduled full-time hours of the industry or plant in which he is employed, and with respect to which the wakes payable to him are

less than his weekly benefit amount plus two dollars." This means that if a claimant has earnings with respect to any week during which his scheduled work hours are reduced to less than 60 percent of full-time, that such earnings must be less than his weekly benefit amount plus $2.00 before he can be considered partially unemployed. It also means that all earnings of claimants must be considered in determining their eligibility for partial benefits.

SEASONAL UNEMPLOYMENT

A new "seasonal" provision has been inserted in the Law which somewhat simplifes the method of determining a seasonal worker and of computing the benefit rights of such workers. By eliminating the requirement of an offer of work from season to season, this new provision should make it easier for employers to qualify as "seasonal" employers.

The purpose of the provision is to limit the benefit rights of workers for seasonal employers to the period which is established as the "season" for such particular employers. This means that an individual's claim for benefits will be limited to the seasonal period if he has worked only for an employer who, because of the nature of the business, has been listed by the Unemployment Compensation Commission as a seasonal employer. A claim for benefits which is based on wage credits builts up solely from seasonal employment, thus becomes compensable only during the period established for the seasonal work.

However, if the claimant has some wage credits reported to his account within his base period, that is within one of the last two years, which are from an employer whose business is non-seasonal, he may be eligible to claim compensation for unemployment in the off-season against such non-seasonal credits.

CONTRACTORS AND SUBCONTRACTORS

The general effect of another amendment is to consider together for liability purposes under the U. C. Law the principal contractor and any subcontractor engaged in employment which is a part of the usual trade, occupation, profession, or business of such contractor. Each contractor and subcontractor are to report and be liable only for contributions on the wages of their own respective workers. Formerly, the Law held primary contractors liable for taxes on sub-contractors' payrolls. The ultimate effect of the 1945 amendment is to transfer the responsibility for contributions for workers of sub-contractors to the sub-contractors themselves and relieve the principal of responsibility for such payments and reports. Where liability is extended to a sub-contractor through the contractual relationship, the number of workers in his employ is not a material factor. He is a liable employer if he has one or more workers.

CASUAL LABOR

By means of another section added to the U. C. Law, casual labor not in the course of an employing unit's trade or business is now specifically exempt from the unemployment compensation tax. This exclusion, however, does not extend to labor which is occasional, incidental, or irregular, when it is of a nature that promotes or advances the trade or business of the employer.

Social Insurance—Present Status

BY FRANK T. DEVYVER, PROFESSOR OF ECONOMICS, DUKE UNIVERSITY, AND SUPERVISOR, NORTH CAROLINA MERIT SYSTEM COUNCIL

A talk delivered to the Durham Branch of the American Association of University Women in May 1945

The present Social Security Law contains a great many miscellaneous provisions for meeting various social problems. There are, for example, provisions for the care of crippled children, the care of the blind, and the care of the dependent aged through federal and state cooperation, and there is another section which provides for the appropriation of money for public health. These provisions are not truly social insurance, and I, therefore, will not discuss them this evening but will limit myself to discussion of the unemployment compensation and the old age retirement features of the law.

UNEMPLOYMENT COMPENSATION

Actually the federal social security law makes no provision for the payment of unemployment compensation. The law does, however, have provisions which tempt the states into setting up adequate unemployment compensation laws. All employers of eight or more in the United States, with certain exceptions, are subject to a tax of three percent on their pay roll. Pay roll is described as all wages and salaries up to and including $3,000 a year. The law further provides that if a state passes a compensation law satisfactory to the Social Security Board, the employers may subtract 90 percent of their liability to the Federal Government. The social security law establishes certain basic requirements for the state laws designed to insure minimum standards and the protection of the tax money for use in the payment of unemployment benefits. One of the necessary provisions for a satisfactory state law is that the employees of the state compensation commission be selected through a merit system.

If a state does not have a satisfactory law or if it does not administer its law properly, the employers of the state are liable to the Federal Government for the entire 100 percent of the tax, but no unemployed person in the state receives any benefits. Such provisions have meant that all of the states have passed unemployment compensation laws. In practice, therefore, the employers of the nation pay .3 percent of their tax liability to the Federal Government and approximately 2.7 percent to the state government.

I say approximately 2.7 percent because many of the states have what is called "experience rating," making it possible for an employer who has very little unemployment to get his tax rate for a particular year reduced.

Out of the funds which the Federal Government collects, appropriations are made to the Social Security Board which allocates the money to pay all of the administrative expenses of the state unemployment compensation agencies.

Because of their common origin, state laws are very similar. All of them provide for payment of approximately 50 percent of a man's earnings if he is unemployed through no fault of his own and if the employment service cannot find him a job. All of them provide for a maximum payment of $15 to $22 a week and for a limitation on the number of weeks the benefits are to be received. All of the laws provide for disqualification if the worker is out because of a strike and for disqualification for varying lengths of time if the worker is discharged for cause.

The federal-state cooperation in carrying out these laws has meant that the states have been able to experiment with different administrative procedures and with different provisions regarding the payment of benefits. Various problems of interstate cooperation for the payment of benefits have been worked out satisfactorily. In my judgment, there is nothing fundamentally wrong with the individual state systems under some federal jurisdiction to insure the certain amount of uniformity. I feel sure, nevertheless, that during the next period of severe unemployment, if if does not happen before, the Federal Government will provide a uniform system. The action of the North Carolina Legislature at its last session in turning down most of the moderate amendments proposed by the Commission for the improvement of the law, particularly as to extended coverage and duration, is typical of the type of action which may be expected from some of our state legislators. This refusal to improve the laws substantially is practically asking for federal interference.

OLD AGE & SURVIVORS INSURANCE

That part of the social security law which is usually referred to as social insurance and which most people seem to think of as social security has to do with old age retirement. These old age retirement provisions should be clearly distinguished from the old age assistance. Old age assistance is a provision whereby the Federal Government matches the payments which a state government makes up to $20 a month for dependent men and women over 65 years of age. Sometimes these payments are called pensions. They are based entirely upon need and vary in amount from state to state and even from individual to individual. The old age annuities are a matter of insurance and, therefore, a matter of right. They are entirely federal and the amounts paid vary according to the previous earnings and according to the number of dependents.

The law provides that every employer in the United States, with specified exceptions which I will explain later, must pay 1 percent of his pay roll to the Federal Government, and he must collect 1 percent of every individual's salary or wage which he pays up to $3,000 from the employee and pay that to the Federal Government. Each worker receives a social security card and the tax money paid by his employer for him and that paid by his employer is credited to the individual worker's account. When a worker reaches the age of 65, he is eligible to retire and receive the annuity payment from the Social Security Board. If he does not retire, he does not receive the annuity until he does stop work. The amount of this annuity varies with the length of time that the man has worked in covered employment and the amount of his earnings during that period. There is a rather complicated formula for establishing this basic payment of annuity. Because this is social insurance, the law makes further provision for extra payments if there are dependents, either old or young. If a man's wife is 65, the so-called primary benefit is increased by one-half. If a man has children under 18, a specified proportion of the benefit is paid for each child below that age. The law makes the further provision that if a man dies before reaching the age of 65, his wife will receive a benefit payment so long as she has children under 18 or as soon as she reaches the age of 65.

EXCLUSIONS

Those excluded from the provisions of this law are employees of any division of government, domestic help, agricultural workers, and employees of eleemosynary institutions. These exclusions mean that all teachers are omitted; all employees of hospitals and universities are excluded; and, most important, all independent business men, such as the owner of a small store or service shop.

It seems to me that gradually this law must be extended to cover those not now included. There are very real administrative difficulties connected with any attempt to cover domestic servants or farm workers, but the old Negro servant will need the retirement allowance just as much as the person working in the tobacco plant. It is true that including employees of education and charitable institutions would increase the costs of operating these institutions but there is certainly no logical reason why a stenographer at a cotton mill should be included and a stenographer at Duke University excluded. Federal employees have a separate retirement system which is probably adequate. North Carolina and many other states have retirement systems, but the county and state workers have no organized way of providing a retirement annuity except through private insurance. Independent merchants and business men should have some way of getting into the system if they so desire.

SICKNESS INSURANCE

One of our greatest lacks in the social security program is a provision for health insurance. Some of my friends and colleagues at Duke University refer to this as socialized medicine. I do not have the time tonight to discuss the pros and cons of the proposed addition to the social security program, but I do want to point out that there are two phases of

health insurance. One of these would involve the setting up of medical care on an insurance basis. This is the type of thing to which many in the medical profession are opposed. The other aspect of so-called health insurance provides a method for the continuation of part of a man's income if he is incapacitated through non-industrial sickness or accident. Failure to insure this risk is the greatest lack in our present social insurance program. Private insurance in this field is not adequate because it is too expensive for the average worker.

It seems to me that our social security program could well be expanded to include temporary disability insurance and that the law be amended to provide for the payment of the annuity before 65 if the worker is permanently disabled. We may not have all of the necesssary actuarial facts on such disability, and it would not be something which should be rushed into, but at least some start should be made in the direction of expansion.

CONCLUSIONS

I have already stated earlier that it seems to me that the present federal-state plan for administering unemployment compensation can work although I have expressed the doubt that state legislatures will improve their unemployment compensation laws sufficiently. Unless the states stay pretty close together on their laws and keep them modern, the Federal Government may yet have to provide uniform administration for a uniform law.

In my judgment, the centralized administration of the old age annuity plan is the most satisfactory way of carrying out the provisions of that part of the law. The administration of a law such as the old age annuity part of the social security program can best be done by central organization. Most of the calculation and record keeping are done by machinery. To be sure, field offices such as we have in Durham are necessary to keep the public informed and to help even the most intelligent old worker fill out the blanks necessary to get his money from the Federal Government.

CASH SICKNESS AND DISABILITY BENEFITS

It is a familiar experience with the Commission's claims-takers to receive claims from many applicants who are unable to work, but fully believe they are entitled to insurance benefits. This is a recurring illustration of one of the most important limitations to the present unemployment compensation program. Wage loss incurred for enforced idleness due to economic reasons has been made compensable; but the wage loss workers suffer during periods of temporary idleness because of sickness or disability has not. Appealed cases throughout the country are largely concerned with the "able and available" clauses in the state laws. An analysis of North Carolina claimants during one week in 1943 indicated that a quarter of them were workers either discharged on account of illness, or physically unable to take other work at the time. None of these could be paid benefits.

The advisability of a cash sickness and disability insurance program, paralleling unemployment compensation and allied to it, has been recognized in many quarters. It has been included in many of the bills introduced into the national Congress, such as the Wagner-Murray-Dingell Bill, proposing to extend the social security program by federal action. Its promotion is the subject of a resolution adopted by the Interstate Conference of Employment Security Agencies. Its enactment into law has been debated in many state legislatures,* studied by commissions appointed in others, and in one of these states, Rhode Island, cash sickness and disability insurance has already become law, now in operation over two years. In North Carolina, the State Federation of Labor has gone on record as seeking a similar law.

With medical care proposals, unemployment compensation agencies are only indirectly concerned, but in systems designed to provide wage-earners with cash sickness benefits, unemployment compensation agencies have a definite interest, since any such system must closely parallel the unemployment compensation programs. Considerations of economic efficiency dictate that when and where there are both systems, they be jointly operated, as in Rhode Island.

Administrative studies on this subject of sickness insurance made by staff members for the Commission, indicate from a history of its development and an analysis of current legislative proposals elsewhere, the kind of program that might be considered for North Carolina.

This would be a law, providing cash compensation for unemployment in any week in which, because of his physical condition, a worker is unable to perform services for wages. A separate sickness compensation fund would be established from tax contributions, at a rate of no less than 1.5 percent, on workers' wages up to $3,000 a year. Employers would be responsible for withholding contributions from wages and transmitting these to the fund. An appropriation from the state for administrative costs would be advisable. The program would cover employees of all employers subject to the Unemployment Compensation Law, and would be administered by the Unemployment Compensation Commission. Requirements as to waiting period, wage credits, duration of payments, and probably also the benefit schedule, as well as the manner in which claims are filed and payments made, would follow unemployment compensation practice. Reasonable physical examinations might be required for certification. A policy would need to be established with regard to maternity cases.

The trend of the times is toward the enactment of

*1939—California, Wisconsin and New York; 1940—New York, Pennsylvania, Rhode Island, and South Carolina; 1941—California, Massachusetts, New York, and Rhode Island; 1942—New York and Rhode Island; 1943—Washington, New York, New Hampshire, Massachusetts, Maine, Illinois, Connecticut, and California; 1944—New Hampshire, New Jersey, and New York.

such laws. Government, either state or federal, is being required to do more rather than less to underwrite human hazards, destroy human fears, compensate human wants. The decision, however, as to whether there shall be a federal, or state systems of sickness insurance, is still open. For the present, in the absence of federal legislation, state governments have the opportunity to investigate the possibilities of sickness benefit insurance for workers on their own initiative. It has been one of the principal themes of North Carolina's Governor Broughton, that if the states are to maintain their sovereignty in administering public programs, they must recognize and seize such opportunities.

History Follows The Highways

By W. G. Humphreys, Traffic Manager, Carolina Coach Co.

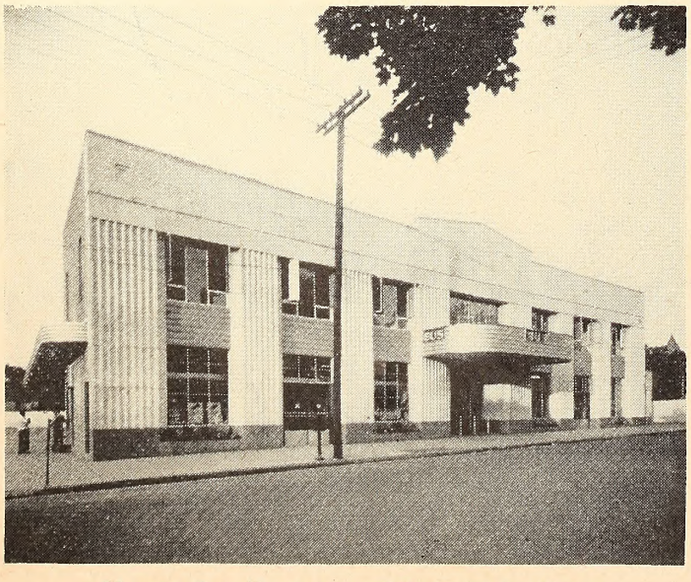
When our forefathers slashed the first wagon roads through the wilderness, little did they dream that they were blazing the trail for a form of transportation which would vitally serve America in a great world war. But as their axes carved pathways for pioneer travel, they also laid the foundation for America's present system of motor bus lines.

Along these primitive roads, settlers cleared land for their farms. Here they built their first mills and blacksmith shops, their schools, their churches and homes. For generations these roads were little more than rutted trails but, in a period of living that was geared to the tempo of the stagecoach and the leisurely pace of the horse and buggy, they served the needs of the times.

As pioneer communities grew and prospered, as natural resources were tapped and trade increased, new roads reached out and still other communities were born . . . a pattern that has been followed in the progress of our country even to this day.

Then, at the turn of the century, a strange contraption called the "Gasoline Buggy" chugged into the scene. With it came new vision and a new era of expansion. Thousands of miles of improved and hard-surfaced roads began to stretch through the country. On these highways, just about 26 years ago, the first motor buses made their appearance.

These first buses or "stages" bore but little resemblance to the luxurious motor coaches of today.



Modern Bus Terminal.—Station at Raleigh.

Like most enterprises in this country, bus transportation started its climb to success the hard way. It began as a venture by men who had both courage and resourcefulness. Usually, their equipment consisted of converted automobiles, often cut in two and lengthened, with a tell-tale sag in the middle The owner was also the driver, the ticket agent, the dispatcher, and the maintenance man. His working capital was the silver he carried in his pocket.

But with more and more communities adopting highway programs and pulling "out of the mud", with millions of people eager to use the new highways being built, bus transportation began a period of growth that has never been equalled by any other form of public travel. Each year, new and improved buses were developed and placed in operation. New stations were erected, new companies were formed, new standards of comfort, service, safety and convenience were achieved.

Soon, the chief problem for bus lines was to keep pace with demand. People everywhere found that this new transportation fitted their needs. It carried them to and from profitable employment, to recreation centers and to the nation's scenic wonders. The unequalled economy of bus transportation opened a new world of travel to those of even the most modest means.

Filling a fundamental need of all the people, bus transportation has continued to grow with each passing year. With public support, it has surmounted all obstacles in the path of its advancement With the people it serves, it has enjoyed long periods of national prosperity . . . with them, too, it has met the trials of national depression and emerged even stronger for the experience.

Sunday, December 7, 1941! The Axis struck! Swiftly, America settled down to the grim job ahead. That very afternoon, military authorities called on the intercity bus lines to assist in getting men to action posts. Selected for this task because of their ability to go anywhere, everywhere, over any route, great fleets of buses rolled down the highways to mobilization centers. Aboard these buses artillerymen were rushed to gun emplacements in secluded spots along our Pacific Coast. Other troops were dispatched to shoreline cities and towns. Coast guards were hurried to patrol duty along stretches of remote and unguarded beach.

That was the first day of wartime service for intercity motor buses. And here was the beginning

of a new era in the annals of motor bus transportation. Everyone connected with the industry, drivers, mechanics, supervisors, agents, executives, all realized that the days of carefree travel were over for the duration. Clearly, they saw that the great transportation system they had built in peacetime would now become an indispensable instrument of war—that the intercity bus lines must take the lead in keeping our highways at work for victory.

And just as peace-loving people all over America quickly adapted themselves to the ways of war, so did the bus lines. Faced with the greatest transportation problems in their history, bus lines that formerly competed with each other, loyally joined forces in the common cause. Working and planning together, they changed a great peacetime transportation force into one geared to the needs of a nation whose very existence was challenged.

Today, most bus passengers are making trips essential to the conduct of the war. There are fewer long distance journeys. 32 miles is the average distance traveled—and as passengers get off at various stops along the highways, new passengers get on. Bus passengers traveling more than 250 miles represent approximately four percent of the total passengers carried.

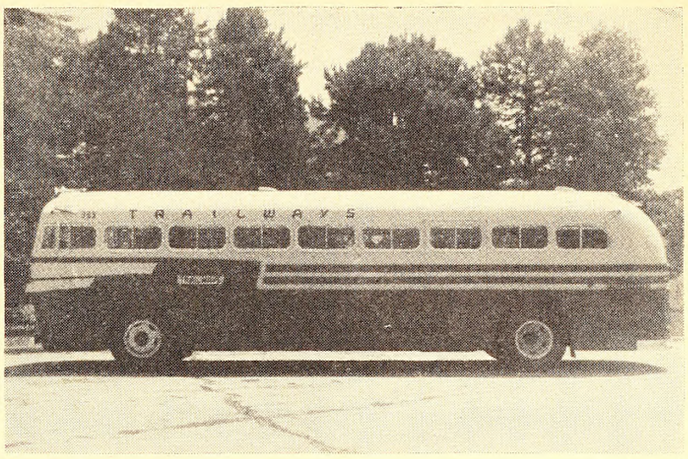
Without question, all public carriers have received their greatest increase in wartime passenger traffic as a result of the curtailment of civilian automobile travel. In normal times, about eighty-five per cent of all people traveling from one city to another did so by private automobile. Transfer of millions of these passengers to public transportation is taxing the capacity of bus and rail carriers alike.

Actually, the total volume of wartime intercity passenger traffic is so great that it cannot be handled by any one form of public transportation. But, working together, the bus lines and the railroads are succeeding in preventing a transportation breakdown that might seriously affect the movement of manpower and the outcome of the war.

In the five years preceding Pearl Harbor, the average number of buses manufactured yearly for the intercity bus industry was 2,277. During 1941, the industry had experienced a tremendous expansion of traffic and foresaw that the trend would continue. Therefore, plans were made and materials were assembled to permit the manufacture of 3,968 intercity buses in 1942. In 1943, however, no new intercity buses were produced and, as a result, the 1942 production had to take care of two years' replacement needs.

Because of the lack of sufficient new equipment, the nation's bus operators have rebuilt and pressed into service hundreds of retired buses. Outmoded buses that formerly served only on week-ends of heavy travel and were driven not more than 10,000 miles a year now are being operated 75,000 to 100,000 miles annually.

The Honor Rolls so proudly displayed in bus terminals throughout the land reflect the contribution in manpower being made to the armed forces by the intercity bus lines. The industry provided a great reservoir of experienced transportation personnel.



STANDARD EQUIPMENT.—This bus carries 41 passengers.

Three-fourths of all bus line employees are drivers or garage workers, and they are particularly well qualified to render service in today's mechanized warfare. Other bus line employees know the intricacies of dispatching, routing and scheduling.

Many of the drivers and mechanics who kept buses rolling just a few months ago are now manning tanks and "half tracks". Others are strengthening the supply lines to invasion points. Still others are working as skilled mechanics in defense plants on the home front. Thus, today, the vital wartime needs of the nation are being served in many ways by the specialized transportation knowledge of bus line men who served highway travelers so well in the past.

The bus lines' operating personnel must be able-bodied, trustworthy, and reliable. Selected only after rigid tests to determine these natural qualifications, both drivers and mechanics are given the added benefits of thorough training. Courses in public safety are repeated time and again as members of the operating personnel learn elementary mechanics, tariffs and rates. For a driver, particularly, this training is most intensive because it is recognized that once he gets behind the wheel of an intercity bus, he is literally "The Captain of the Ship". The safety and comfort of a great number of people are in his hands.

While the intercity bus lines' honor rolls tell a story of patriotism, they also give an indication of the manpower problems encountered in maintaining and expanding their operations to serve wartime needs. The loss of any driver with a safety record

Colored Draftees assemble for trip to camp.

of hundreds of thousands of accident-free miles obviously means much more than the need to replace an ordinary employee.

From the early days of the intercity bus industry, proper maintenance has been a paramount consideration. Now, in time of war, with replacement parts extremely difficult to obtain, preservation and conservation are more important than ever. Accordingly, every sound practice of motor bus maintenance is being given the most intensive application.

Among the many steps taken to conserve critical metals was the further development of the "metallizing" process within the industry. This is a method of building up worn surfaces of used parts to a point where they can be re-machined to their original size. Pistons, crankshafts and many other parts previously discarded when a certain point of wear was reached are now reclaimed through this process.

The success of the bus industry in utilizing "metallized" parts and materials has attracted wide attention. In fact, the Automotive Branch of the War Production Board requested samples of the industry's "metallizing" work for display purposes and such a collection is exhibited by that government agency in Washington.

Just as the industry advanced the process of "metallizing", so has it developed new welding techniques. Crankshafts and axle shafts—to name two parts previously considered unsuitable for reuse when cracked or broken—are now welded with saisfactory results.

The Intercity Bus Industry is more than essential in the war effort—it is irreplaceable. In step with wartime economy, leaders of the industry imposed many self-regulating measures early in the war. The important role buses were to play in the war effort quickly became evident to men of the industry when they saw terminals crowded with servicemen, war workers and others whose lives were devoted to ending Axis aggression. Bus operators have done everything in their power to assure accommodations for these war-essential travelers. Complying with orders from Office of Defense Transportation, sightseeing tours were eliminated. Fast express schedules and other non-essential services were discontinued. Runs carrying less than forty percent of full seating capacity were dropped so that equipment could be pressed into use on busier routes. No phase of busline operation has been overlooked in the drive to increase the wartime efficiency of bus transportation.

America will win this war. The days of carefree peacetime travel will come again. Those days will bring new comfort and convenience in bus travel, and a host of new scenic wonders to explore on the highways.

New streamlined and air-conditioned buses for post-war service are already taking form on designers' drawing boards, and in the minds of engineers. The pilot model of Greyhound's post war bus, which is being built by General Motors, is scheduled to be on the road the early part of 1947. The pilot model of Trailways post war bus, which is being built by Henry Kyser, the man who did the impossible in building ships, will be on the road by fall. These two buses, pioneered by the two national highway transportation organizations, are entirely different in design and will offer the public a transportation vehicle beyond their expectations. Plans are being made for spacious new terminals and garages throughout the country—a program of expansion that will provide post-war employment for thousands. With these new facilities, an hour's trip to a nearby city or a transcontinental sightseeing tour will offer added pleasures in travel.

When that time comes, the present difficulties and inconveniences of wartime travel will be forgotten. Today, the intercity bus industry is devoting its every effort to solving its part of the nation's transportation problems in order to assure the restoration of our normal American way of life.

Transportation Sketch

NOTES PREPARED BY JAY C. STEADMAN, DISTRICT SUPERVISOR, RALEIGH, N. C., INTERSTATE COMMERCE COMMISSION, BUREAU OF MOTOR CARRIERS.

Man was the first method of transportation. He used his feet for motivation and his arms, shoulders and head for transporting things. To make his task easier he used protection for his feet such as sandals, then moccasins, boots and shoes.

King Solomon's Temple was a giant undertaking in construction. 70,000 men were used for the purpose of transporting the material used in its construction. 80,000 men were used in the adjoining forests to cut and hew the timber used in the construction of the Temple.

100,000 men were used in transporting the material for the construction of the Pyramids. About 1,600 B. C. man began to use animals as beasts of burden. About 1,500 B. C. there came into use the sedan chair. It was carried by two men by means of horizontal poles which passed through sockets fixed at each side.

It is not clear as to when man conceived a wheel, for motivation, but there is reference to wheeled chariots in Babylonia as early as 300 B. C. It is generally accepted that wheels first were used between 4,000 and 1,500 B. C.

In the early ages when man had a heavy stone to move he conceived the use of tree trunks for rollers. These wooden rollers were placed in front of the sledge and as the sledge was pushed forward they continued to rotate the rollers, thus moving the loads. It is believed that the thought occurred to man to take two slices out of the tree trunk and

attach it to the sides of the sledge, thus creating the first wheels.

King Solomon had a unique method of obtaining chariots. He would declare war on a neighboring country, take its chariots and other loot, bring them back home and sell them to his subjects for $250.00 each—making him the first used car salesman.

Coaches were introduced in England in the 12th century, but it appears that the first over-the-road long haul was made in England by wagon in 1564. The maximum distance traveled was 15 miles a day.

It was not until 1634 that coaches for transporting passengers became popular. This popularity was followed by the levying of $25.00 taxes per coach yearly by the Government.

From time to time complaints are made that the big trucks are tearing up our highways. It appears in Hawk's "Romance of Transport" that similar accusations were made in England in 1564 by those charged with the responsibility of maintaining roads —that the weight of vehicles with their narrow wheels were destroying the roads. The matter became so heated Parliament passed laws requiring larger wheels and as an inducement to comply, permitted those vehicles with larger wheels to travel over the roads toll free. Those who persisted in the use of small wheels were fined. This reference stated there was much evasion. Perhaps some operated when inspectors were thought to be asleep.

In 1661 springs were used on coaches and in the same year glass was put in the windows. Up to this time the coach bodies had rested on the axles. Imagine the comfort of a ride in such a vehicle!

The first resilient tires were used on an Egyptian chariot of 1400 B. C. The wheel had a triple tire consisting of two inner rings of coarse leather and an outer covering of dressed leather, laced in tension and threaded by a thong. The pneumatic tire was invented in 1945 by R. W. Thomson and first used in England. It did not become popular until 1888 when it was re-patented and revived by J. B. Dunlop.

The first steam locomotive was introduced in England in 1804. The transportation costs in this period were $5.00 per ton for 20 miles. It was not until 1825 that there was a common carrier rail service by steam locomotive and this was in England.

In the infant country of America, for 150 years after settlers established themselves on the Atlantic Coast there was no effort to improve land travel other than to improve old Indian trails or the turning of pack train trails into wagon roads. Most travel was confined to North and South. The territory west of the Atlantic Coast was travelled only by adventurers. Until as late as 1806 the six million people in America were contentedly visiting their friends or moving about on business in flat boats, dogsleds, stage coaches, wagons and canoes. To go from the settled East Coast to such places as Losantiville (Cincinnati), Ft. Dearborn (Chicago) or St. Louis, took many weeks of weary travel and one stood an excellent chance of losing his scalp.

It was about 1800 that pole boats came into use in this country. In 1732 some enterprising young man started a stage service between Philadelphia and New York but his efforts were unsuccessful, as were several others who made such attempts. It was not until 1771 that a regular service was inaugurated. The schedule was one and one-half days. In 1778 the fare between Philadelphia and Susquehanna, Pa., a distance of 66 miles, was $6.25. The passenger paid for his own meals and lodging and not infrequently assisted in pushing the stage out of mud holes.

In 1750 the pack horse train was the popular method of transportation.

John Fitch invented and operated the first steamboat on American waters, in 1786. He built a second steamboat and operated it on the Delaware River in 1787, but to Robert Fulton goes the credit of operating the first steamboat in regular service, which was begun in 1807 between New York City and Albany, 160 miles, which was traveled in 30 hours. In 1811 steamboat service was inaugurated on the Ohio and Mississippi.

In Hoboken, N. J., in 1824, John Stevens operated the first steam locomotive built in America. The first locomotive used in the United States for commercial use was purchased in England and was operated on the Delaware and Hudson Railroad in 1829. In Boston, Mass., in 1847, there was built the first railroad car for commercial use.

In 1794 an Englishman named Street patented an internal compustion engine, but the first practical engine of this kind was built by a French engineer named Lenoir in 1862. The internal combustion engine up to this time had been burning turpentine and illuminating gas. Col. Edwin Drake drilled the first oil well at Titusville, Pa., in 1859 and not long thereafter we had gasoline.

In 1885 Karl Benz installed a 4-cycle gasoline burning internal combustion engine on a tricycle and then the auto became a reality. Benz later developed a car he called a Mercedes, after his daughter. This name is familiar to many. Chas. and Franklin Duryea built the first American made car in 1892, followed by Henry Ford in 1893, Haynes in 1894 and Olds, in 1895.

The Duryea's set themselves up in business in Springfield, Mass., in 1895, under the trade name of Duryea Mtoor Wagon Co. and as far as it is known this was the first sales agency for autos in this country. History tells, though, that the first auto sale was made by Alexander Winton to Robert Allison of a 2-passenger, 1-cylinder Winton, for $1,000. The maximum speed of the vehicle was 10 miles per hour and it had an iced cooled engine.

The AutoCar has the distinction of building the first gasoline motor powered truck in 1899.

In 1901 the state of New York passed a license tax law requiring the operators of horseless carriages to pay a fee of $1.00 for a license tag.

For for first 10 years of the 20th century, there were only 8,000 trucks built. There are no records of any sales of trucks until 1904, when there were 700 sold. During the first two years of World War I only 99,000 trucks were manufactured. For the entire four years of World War I only 546,437 trucks

were manufactured, while in 1941 there were 1,094,-261 trucks manufactured. Trucking did not get started in this country until about 1920. The registration for that year exceeded a million for the first time. There was a gradual increase in registration each year until 1941, which shows a figure of 4,911,-500.

The first thought among most people is that the preponderance of trucks are operated for hire. However, only 12.2% of the truck registrations are for-hire trucks. The remaining 87.8% are divided as follows: 21.4% farm trucks and 66.4% used in commerce and industry. 56% of trucks are owned by persons with only one truck. 25% of all trucks are on farms and one-third of them are over 10 years old.

It was about 1930 when over-the-road common carriers by truck got started. It is debatable as to what caused the advent of the truck into the long-haul field. Some are inclined to believe the depression of the 30's, which put so many people out of work, played a signficant part. Everyone was retrenching, looking for the cheapest way to do everything. The truck manufacturing companies had to dispose of their trucks or curtail operations. Many a trucking business was started on its way by some truck sales manager letting a good prospect have a truck to haul for hire and gambled on getting the truck payments out of what was left after the trucker had paid expenses. Very few people had any confidence in the over-the-road trucks in the early 30's. The truckers had up uphill fight. Most of them charged what they could get. As the business grew men with transportation experience were sought. About the only experienced transportation men available were rail and boat employees. Therefore the trend of charges made for services performed were usually rail level rates.

There was no authority. Everyone charged what he thought he could get and frequently did not charge enough and consequently went broke. There were literally thousands of truckers who started in business and as soon as the truck was worn out or wrecked were out of business, because they didn't have enough business ability to make a charge which would provide a fair profit.

There were rate wars between truckers. The traffic managers of shippers played no small part in these rate wars. Any person who is in the trucking business now and who was in the business in the 30's up to 1935 can tell you that many a traffic manager and shipping clerk was the cause of the grey hairs or loss of hair. It was a common practice for a traffic manager who was paying a rate of 25c per 100 pounds for a given commodity to ask the trucker to come to see him. When he arrived the Traffic Manager would take him into his office and tell him very confidentially that as much as he regretted it, he would have to take his business away and give it to his competitor. The trucker would want to know why and the traffic manager would then tell him that this trucker's competitor had offered the traffic manager a rate of 23c per 100 pounds. All truckers utterly distrusted all other truckers in the beginning of this business, so without checking the truthfulness of the traffic manager's statement, and in order to hold the business, the trucker would offer to handle the business for 21c per 100 pounds. If you didn't take the shipping clerk a quart now and then you didn't get any business and in some cases the trucker had to pay outright the shipping clerk or traffic manager a percentage of the freight revenue which he received for hauling his freight to retain the business.

Many efforts were made by some of the progressive truckers to organize state trucking associations. Their efforts along these lines were very discouraging because of the lack of interest of other truckers and the lack of confidence on the part of all truckers toward each other. There were some state associations organized but they did not function well.

Finally in 1933, a group of progressive truckers organized a national association which they called the American Trucking Association, Inc. They set up headquarters in Washington, D. C., and elected as their president a dynamic little Irishman named Ted Rodgers. Mr. Rodgers surrounded himself with a few volunteer strong-thinking, two-fisted, hard-fighting truckers. Through the efforts of this group, Congress passed the Motor Carrier Act in 1935, which is known today as Part II of the Interstate Commerce Act. Its passage was the salvation of the for-hire motor carrier industry and a boon to the shipping public.

The Act provided, among other things, for persons who had operated as for hire carriers prior to June 1, 1935, that an application should be filed with the I.C.C. showing what they had hauled and where to. The Act provided that they could continue to do what they had been doing where they filed such applications until such time as a hearing was had on the application and authorization obtained by the applicant to do that which he could prove by documentary evidence, oral testimony, and through witnesses. This is known as the "grandfather" clause. The Act contains other definite desires of Congress, one of which was the delegation of Congress that the I.C.C. should administer the Act.

The I.C.C. is composed of 11 Commissioners appointed by the President to serve for 7 years. They administer the affairs of the Commission through its various bureaus. The Bureau of Motor Carriers is vested with the responsibility of administering the Act and the various regulations which the Commission has promulgated and prescribed, as these apply to truckers.

There are established throughout the United States 16 field offices to aid and assist the motor carriers and shipping public in their many problems.

Trucks play a very important part in the economics of the nation. There are 54,000 communities in the United States which depend entirely on motor vehicles for their needs. 43% of the communities in the United States have no railroad service. In 1941 for hire trucks on rural roads operated 6,982

millions of miles and transported 26,674 millions of tons of freight. Do the trucks pay their way? This is a moot question, but statistics show that the operating taxes for each for hire truck for 1941 amounted to $1,090.00 . This is based on the report of 1,176 for-hire Class I motor carriers making reports to the I.C.C. In 1941 motor truck taxes exceeded one-half billion dollars.

Trucks are here to stay. They have done a good job, they are doing a good job. Today there are many trials and tribulations confronting the motor carriers. New trucks are not readily available. Few trucks have been available for rationing. Good mechanics are hard to get and hard to keep. Labor appears to be indifferent toward its job. Claims are mounting. The ratio of operation is bordering perilously close to a hundred and in quite a few instances over 100. Unless something is done to alleviate this condition, the future of over-the-road truckers is in the balance. The trucker is of a sturdy class. He has overcome what appears to be insurmountable objects before and he'll overcome this one.

The future of trucking will probably depend on the truckers' efforts to get better roads. The present day roads in the southeast are wholly inadequate and are improperly built to accommodate the modern automobile. The tendency of construction of automobiles after the war will be toward streamlines. Engines will be more powerful. 100 octane gas is now produced at the rate of 400,000 barrels per day. High octane gas means more power, more speed. Trucks will be streamlined, built to carry heavier loads. California has some of the finest roads in the world. Its roads will safely permit the operation of a truck and trailer or a tractor-semi-trailer and another trailer attached with a gross load of 73,600 pounds. Its laws permit these combinations of vehicles and these loads. It permits a combination of vehicles a maximum over all distance of 60 feet in length. Proper road conditions in this territory would permit the transportation of larger loads and would qualify the trucker to more readily adjust to lower freight rates for the South.

The airplane is coming in for its share of freight after the war but a mass of trucks will still be needed to distribute air-delivered freight.

The trucks have an important place in the transportation system. They are here and they are going to stay for many, many years to come.

Roll On, Motor Carriers!

Over our highways and often over our by-ways too, move the trucks! We see them everyday coming and going—big ones, little ones, square ones, round ones—shuttling cargo back and forth. They are so much a part of the everyday scene that we tend to take them very much for granted, except perhaps to mutter a gripe when one has had to stop and bar the bath of our own progress through traffic. But pause to think a moment—where would we, the citizens of North Carolina, be without those trucks?

They bring us meat and milk and vegetables and all manner of foodstuffs. They bring us things to wear and the means of shelter, fuel to keep us warm and run our cars and businesses. Their freight loads contain vital necessities, as well as the commodities and materials essentially desired for both comfort and commerce. They carry most of our farm produce and many of our manufactured goods to market. Should the motor carriers stop rolling, lives would be imperiled and business brought to a standstill, for more and more our economy depends on trucking. There are in fact, some 3,544 communities in North Carolina, as well as more rural districts, where freight transportation needs are served only by motor carriers, for both incoming supplies and outgoing products.

Last year the State Department of Motor Vehicles licensed 94,106 trucks. Through June of 1945, registrations numbered 93,174—exclusive of those operated by the State of North Carolina. Out of these thousands, a relatively small group are the for-hire trucks, run by the trucking companies. It is these companies and their for-hire trucks with which we are concerned when considering the trucking branch of the transportation industry.

Investigate a little and it appears from an inside view that trucking is a fascinating business—fascinating because of the many puzzles to be solved in how to get this from here to there and that from there to here quickly and by the shortest route.

The transfer of freight by motor carrier, essentially a door to door proposition, some years ago grew up into the status of big business, with the larger and more progressive companies handling their intrastate and interstate business with full paraphernalia of modern offices, big terminals at central points, machine shops, printed time-tables and trained dispatchers, legal staffs, schools for personnel, company publications, employee hospital and medical care plans, and an active trade organization of which the state branch is the North Carolina Truck Owners Association with offices and a secretary, Mr. J. T. Outlaw, located in Raleigh.

Last year, 245 different trucking companies, employing eight or more workers, reported to the Unemployment Compansation Commission. The N. C. Truck Owners Association which more widely represents the smaller independent truckers, has a membership of 438.

Average employment in the trucking industry, as reported to the U. C. C., totalled 6,990 for 1944. The majority of these by far are the drivers.

Driving a modern truck is not just a matter of getting behind the wheel and stepping on the gas. It has become a profession in itself. Many companies spend over $1,000 in training before a new man gets on the road. Each man is given full instruction on

correct driving, the care of his vehicle, highway rules and safety regulations. Drivers' manuals are full textbooks covering such subjects as "Accelerator—efficient application of", and "Accessories (and parts) necessary for safe operation," and "Accident, duties of driver in case of" to "Water, driving through," Weight, distribution," "Winterfront," and "Wiring."

Over and above company training courses, motor vehicle driving has now gone to college. At State College in Raleigh this year was held the first of a series of Motor Vehicle Fleet Supervisors Training Courses. Over 60 supervisors attended as students, representing 3,618 trucks, 6,183 bussses, 793 passenger cars, 15 trackless trolleys and altogether 11,657 drivers.

Trucking as a big business with progressive trends in management is exemplified by Associated Transport, Inc., one of the largest trucking concernes in the world, with head offices located in Burlington, N. C.

Roy Wilkins, Personnel Manager for the company, is extremely proud right now of the large number of safe driving awards he is distributing among Associated's drivers. These include gold emblem pins, with jewels, and wrist watches. The highest award of all—a pin with the largest diamond—goes to a man with a 15-year record of safe driving.

Some idea of the extent and nature of Associated Transport's business may be gained from the latest annual report, published in the May-June 1945 issue of **Transport**, the company's monthly magazine. The 1944 payroll of $10,491,794, of which 98 percent was received by wage earners and salaried employees as distinguished from officers and general executives, took 55 cents out of every dollar of revenue. The average ATer earned $2,548, or $49.00 a week, during last year. Road drivers alone made $2,848,266, or an average of $3,200 for every driver.

It requires trucks and terminals and shops and offices to operate a trucking company. Associated Transport trucks, tractors and trailers cost over $6,000,000; terminals over $1,500,000; shop and garage equipment, $220,000; office equipment $400,000. With other items, the total output for tangible property amounted to more than nine and a half millions, by virtue of which the company figures that the creation of each employee's job required an expenditure of $2,225.

Other statistics in Associated Transport's report are impressive too. The company paid over $1,300,000 in taxes, over $1,100,000 in insurance costs, over $1,300,000 for gas and oil, and its telephone bill came to a quarter of a million dollars.

In Charlotte, AT maintains one of its large terminals, with divisional offices and a truck manufacturing plant as well. The Charlotte Terminal is a modern building at which 38 trucks can be loaded and unloaded at once. It is presided over by a terminal supervisor and three platform supervisors. There are three long-line dispatches, a local dispatcher, two special department heads, a cashier and a shop foreman all on the job. Each day and night these men and their 191 workers, including nine crews of 50 stevedores, dispatch 60 trucks for a weekly outbound tonnage of 4,500,000 pounds.

The terminal buildings also include a service shop and a conservation, maintenance, tire unit. At the Brown Equipment Co., AT's truck-manufacturing subsidiary, engines, tractors and trailers are built and rebuilt. Mechanics, machinists, metalsmiths, woodworkers, using the most modern machinery, some of it designed right in the shop, turn out some of the finest equipment on the highway.

Charlotte exchanges freight with virtually the same cities, most of the outbound going to and the inbound coming from Baltimore, Philadelphia, Paterson, New York and Pittsburgh.

Charlotte's importance as a terminal point lies not alone in its manufacturing but also in its distribution set-up. North Carolina's largest city is a gateway, through which much traffic passes to and from the north, south and west. It is an important warehousing and wholesaling center, with ample transportation facilities, being served by four railroads and 46 common carrier motor truck companies. This means that competition is keen and each company strives to best serve the various shippers and consignees.

A new type of competition which the trucking companies expect to encounter more and more, is the movement of freight by air lines. This is why Associated Transport was delighted recently to be able to point out that it had moved a shipment from Rome, Georgia, to Paterson, New Jersey, on a regular run, within 40 hours—actually less time than it had taken for a shipment by air to be delivered between the same points.

Of course the trucking companies have more than proved themselves essential during the war. It has been said many times that this recent and greatest of wars, was a war of supply, which has been equally true on the domestic as well as the foreign fronts. As a measure of the service rendered by the trucking companies, we may take Associated Transport's calculation that in the transporting of 50 million pounds of freight each month, 90 percent of it has been war freight.

NEW MILL FOR N. C.

Purchase of the Durham Hosiery Mill building at Carrboro by the Pacific Mills of Boston, Massachusetts, for the purpose of establishing a worsted and woolen weaving plant has been announced by the Department of Conservation and Development.

Originally the plant was built as a hosiery knitting operation but has been used for storage purposes for several years. The main building is two stories and contains more than 53,000 square feet of manufacturing space. The site is located on the Southern Railway and contains about five acres.

The decision of the Pacific Mills to locate this unit in North Carolina helps to diversify the industrial structure of the state. The company is one of the largest and oldest in the woolen and worsted field.

STATE JOBLESS PAYMENTS LOW

North Carolina faces the prospective postwar unemployment problem with a comparatively unfavorable unemployment compensation record, Dr. Richard A. Lester, associate professor of economics in Duke University, declares in a significant book entitled "Providing for Unemployed Workers in the Transition," published as one in a series sponsored by the Committee for Economic Development, Washington, D. C.

Published by McGraw-Hill, the CED series of economic studies is being widely heralded.

Since benefit payments began under unemployment compensation in the late 1930's, the weekly checks paid to unemployed persons have been smaller, on the average, in North Carolina than any other state, Dr. Lester points out. Average weekly benefit payments in North Carolina have consistently been the lowest year after year, he declares.

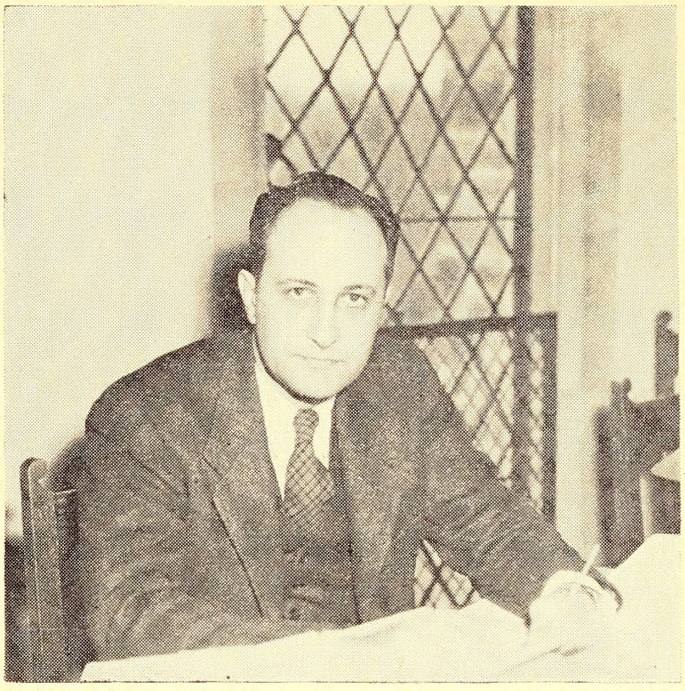
Citing figures, the Duke economist states that an unemployed worker eligible for a benefit of $12 a week in North Carolina would, for the same wage credits, receive $18 in Louisiana.

"Low benefit scales explain why in 1942, when weekly benefit payments for the country as a whole averaged $13.84, the average was $7.10 for North Carolina, $9.09 for Maine, $9.31 for Kentucky, $9.94 for South Dakota, and $9.57 for Delaware. Those were the only five states with average benefit payments below $10 a week.

Dr. Lester points out that states with the most ample or excessive reserves for unemployment compensation, North Carolina being one of them, tend to provide the least adequate benefits. On the other hand, states whose reserves are among the least ample tend to offer the largest weekly and total benefits.

"Such unjustified differences among states should be reduced before the nation is faced with the problem of postwar unemployment," Dr. Lester declares.

The general opinion of current unemployment compensation laws is that North Carolina will face a possible postwar unemployment era with somewhat the same problems as are present now. The greatest bone of contention is that this state has been paying,



DR. RICHARD A. LESTER, associate professor of economics at Duke University, author of *Providing for Unemployed Workers in the Transition*. Photo by Kefauver of The Raleigh Times.

on an average, the lowest unemployment benefits of any state in the nation.

According to Dr. Lester, the recently enacted minimum and maximum weekly benefits for unemployed workers in North Carolina of $4 and $20 respectively, is still too weak, and the scale of payments has not been liberalized enough to affect benefits more than slightly.

The economist is further of the opinion that the exhaustion ratio for benefit payments in North Carolina would not necessarily be improved. He contends that the exhaustion ratio is highly important to the success of a program of unemployment insurance.

Advocating a 20 to 26 week maximum payment period for unemployed workers, Dr. Lester asserts that "in order to provide more adequate protection benefit scales and durations in the low benefit states should be raised to approximate those offered by the top five or six states."

SCIENTISTS OF DUKE AND THREE STATES PERFECT GROWING OF TURKISH TOBACCO; NOW TESTING TO DETERMINE LABOR-COSTS

Successful culture of high quality Turkish tobacco in this country, a feat hitherto considered impossible, has been anounced simultaneously at Duke University and at agricultural experiment stations in North Carolina, Virginia and South Carolina.

Import of Turkish tobacco by cigarette manufacturers for blending with domestic tobaccos amounts to 50 to 75 million pounds a year. Manufacturers attribute the quadrupling of cigarette smoking in the United States during the past 25 years largely to the skillful blending of Turkish with domestic tobaccos.

The diminutive aromatic leaf is being grown this summer under the supervision of Duke and state experiment station researchers on some 55 small farms in three states. If the raising of Turkish in this region can now be proved economically feasible, it may prove a boon to thousands of small growers in the Piedmont and mountain areas of the South, and mark one of the most important developments in tobacco growing since the bright domestic and burley tobaccos were developed nearly a century ago.

Strangely enough, the Turkish plant thrives and produces best quality on comparatively poor soil and

fortunately does not overlap areas of domestic leaf.

A principal consideration in the growth and curing of Turkish tobacco is the large amount of hand labor involved, since the more numerous leaves are but a tenth the size of domestic tobacco leaves and require considerable handling. Continuation of the research program in subsequent seasons will include attempts to solve the labor-cost problem. Turkish brings a substantially higher price per pound than does domestic leaf, and once the operation is under way, an income of $600 an acre is considered probable.

Duke's announcement is the culmination of an intensive program of research of over five years. For decades it had been contended that Turkish would thrive only in certain areas bordering the Mediterranean and Black Seas, and numerous attempts to produce it successfully in other areas have failed. Now Duke claims American Turkish is as good if not better than the overseas tobacco.

Credit for the successful experiments goes to a small group of Duke and agricultural scientists of the three states, who have been supported in their work by Duke University, the General Education Board, the Agricultural agencies of the three states and four of the major tobacco companies:

Dr. F. R. Darkis of the Duke Department of Chemistry has been in charge of the Turkish tobacco experimental laboratory and field research, a task which involved the responsibility of coordinating the project between the participating agencies and individuals. Dr. F. A. Wolf of the Duke Department of Botany has been in charge of the breeding and genetic experiments. The program as a whole has been under the general dirction of Dr. Paul Gross, chairman of the Department of Chemistry.

One interesting revelation of this cooperative research program has been the demonstration that it is not necessary to import fresh seed from the European growing regions each year. It had previously been thought that seed grown in the United States would not continue to produce plants which are true to type.

Turkish tobaccos are grown under greatly different conditions from those of the familiar flue-cured tobacco of the Southeastern region. The plants are planted very close together (from five to six inches apart) and in rows 20 inches apart. Under these crowded conditions the stalks produce a large number of small leaves. There are 55 to 60 thousand Turkish plants per acre as compared to five to six thousand domestic plants per acre.

While this process increases the labor of planting, there is compensation in the fact that the crop while growing needs very little weeding or cultivation.

Production in small plots of one to two acres or less has been found most desirable. Many small farms in the upper Piedmont regions of the Eastern slope of the Blue Ridge from Virginia to South Carolina are considered to be the most favorable sites for growing this type of tobacco.

For the past 20 years these small farms more and more have become marginal. An increasing preference by American smokers for lighter eastern flue-cured types of tobacco has reduced the demands for the heavier types formerly grown on the farms of the western Piedmont in Virginia so that a new cash crop is needed as a source of income in this area. Due to his higher production costs, the same situation prevails for the small cotton farmer in western South Carolina.

Another factor of economic significance is that these tobaccos thrive better with organic types of fertilizer than with artificial fertilizers, such as are commonly used for flue-cured tobacco production. The widespread introduction of such a profitable crop as Turkish tobacco to these farms would require the production of more animal manures and thereby encourage the keeping of livestock. A more balanced agriculture on these farms might result.

The harvesting of Turkish is by the "priming" method. Leaves are harvested as they mature, beginning with the lower and going toward the top of the stalk, and when they are much greener than those of flue-cured tobacco, the lower being removed about seven weeks after transplanting. From six to nine primings, at intervals of from five to nine days, are required.

Leaves then are strung on a twine by the use of a long, thin needle. Since the priming and stringing are done by hand, the handling of some million and a half leaves is required for each acre.

The strings of leaves are suspended between sticks and left to wilt in a cool humid place for 36 to 72 hours, allowing certain desirable chemical changes to take place.

After wilting, the strung leaves are placed on racks and put in the sun to cure for a period of five to 15 days, the time varying according to the compactness and density of the leaves and the intensity of the sunshine.

The sun decreases the moisture from 80 to less than 10 percent and turns the leaves from green to yellow, red or brown. Afterwards the leaves are stored and the colors become clearer and more uniform. The tobacco is graded, compressed in bales of 75 to 125 pounds each, and is sewed in burlap covers. Afterwards it is stored for two or more years to permit development of the aroma. The American-grown Turkish then is in a proper condition to be blended with domestic tobaccos to produce what is regarded the world over as mankind's best smoke—the American cigarette.

"E" AWARD

The Army and Navy Departments have announced the award of another "E" for excellence in the production of war materials earned by a North Carolina firm. The Corbitt Company of Henderson is the latest addition to our Honor Roll of plants which have won this award.

Notes on U. C. C. Operations

NEW BENEFIT FORMULA

The Commission has been processing unemployment compensation claims received since March 13th according to the new liberalized benefit schedule adopted by the General Assembly. However, it is too soon, and the number of claimants too few, for current reports to reflect any appreciable difference in size of total payments.

The new benefit formula which the Commission is now using was substituted by the General Assembly for the one formerly in use under which North Carolina's unemployment benefit payments averaged the lowest of any state in the country. The new formula was designed to bring payments in this state more nearly in line with those being paid to unemployed workers elsewhere, particularly in view of higher living costs. It carries a minimum weekly payment of $4.00 and a maximum weekly payment of $20.00. It is estimated that under the new plan about half of North Carolina payments will be between $10.00 and $15.00; whereas in the past over 80 percent of all weekly benefits paid have been less than $10.00 in amount.

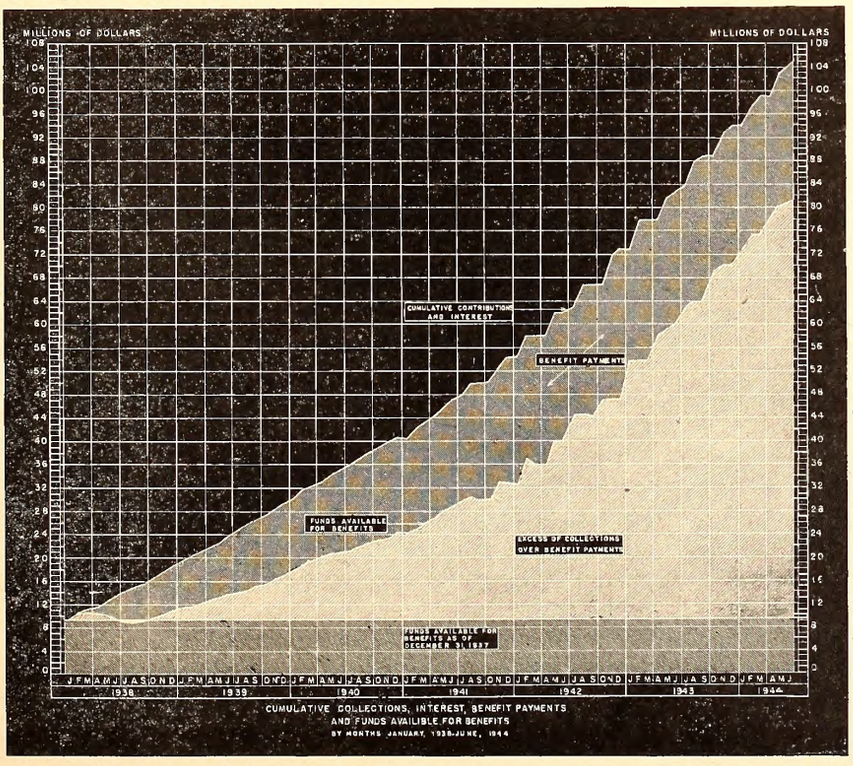
While recent claim loads reflect somewhat more unemployment among workers throughout the state than there has been at any time since June of last year, the increase is not thought to be significant. Such unemployment as has developed has been spotty and of short duration, and much of it has been partial. Claims will come in from one community for a few weeks, then drop off, while new claims are reported from another locality. Generally, current claims result from lay-offs at particular plants which close down temporarily because of material shortages, and are continued for only a week or two.

For instance, a number of pulp mills had to shut down in the winter months when it was too wet for lumber to be cut and hauled to them. Several textile mills throughout the state have experienced difficulty in maintaining operations because of freezing of raw materials. Recently, there have been a number of partial lay-offs in some tobacco processing establishments. Also, the Commission receives many claims when there is a work stoppage in some area because of a labor dispute, but such claims are usually not compensable.

TREND IN FUNDS AVAILABLE FOR BENEFIT PAYMENTS

When unemployment benefits first became payable in North Carolina on January 1, 1938, the total fund available for the purpose was $9,289,422.08. This represented contributions from employers covered by the law for employment in 1936 and 1937. Although employment was at a low level in 1938 and benefits paid this first year were 87 percent greater than in the following year of 1939, the initial reserve proved sufficient to assure the payment of all claims allowed. Only in June, July, and August of 1938 was it necessary, in fact, to resort to this reserve for the payment of benefits. At all other times, current contributions have been ample to pay current claims.

With improved economic conditions, the margin of safety has increased. By the end of 1938, contributions for the year exceeded benefit payments by $1,564,691.74. The excess of contributions over benefit payments has continued in an increasing ratio until on June 30, 1945 the total fund available for benefit payments amounted to more than $100,000,000.00. The trend in contributions, including interest increment, in benefit payments and in funds available is graphically presented in the chart.



CUMULATIVE COLLECTIONS, INTEREST, BENEFIT PAYMENTS AND FUNDS AVAILIBLE FOR BENEFITS BY MONTHS JANUARY, 1938-JUNE, 1944

VETERANS WHO WORK FOR THEMSELVES

From the battlefields of Europe and Asia, from actions at sea in Atlantic and Pacific waters, and from service in territory in all parts of the world, North Carolina's veterans are returning to take up pursuits of their own choosing which cater to a variety of every-day needs. From ex-G. I.'s, Tarheels may have their shoes repaired, their dogs cared for, their houses built and painted, their pictures taken, satisfy a yen for food, soft drinks and ice cream, and

purchase many items from poultry to insurance. Many services are now available from men who, following discharge from the armed forces, have gone into business for themselves.

Reports to the Unemployment compensation Commission also show that veterans who have applied for readjustment allowances provided for the self-employed under Title V of the G. I. Bill of Rights have set themselves up as cabinet-makers, lumber dealers, service station operators and merchants. But by far the largest number of these veterans have gone into agriculture. During the month of May, of some 500 claims for allowances filed by self-employed veterans, 478 were from farmers.

Readjustment allowances payable to ex-servicemen are based upon the length of military or naval service. To qualify, a veteran must have been engaged in self-employment throughout the full calendar month and have net earnings that amount to less than $100. His potential allowance is the difference between net earnings and $100 a month. The Veterans Representative for North Carolina reports that on 459 of the May claims, $45,569.00 was paid.

It is apparent that for veterans who need supplemental backing to become established in their own work, the readjustment allowance program is particularly advantageous to the farmers.

A veteran's period of entitlement to allowances is measured in weeks and based upon the length of his active military service. The maximum period of entitlement is 52 weeks—within two years after discharge or two years after the end of the war, whichever is the later date. The payment of a monthly self-employed allowance is based on five weeks of entitlement. In drawing a cash payment for the difference between his net earnings and $100 in any month, a veteran would use up five weeks of entitlement to allowance payments; whereas if he were seeking work and totally unemployed, his allowance would amount to $20 for each of the five weeks. Whether to draw a self-employed allowance for any given month, or whether to reserve his weeks of entitlement against a possible greater need later on, is a decision each self-employed veteran must make for himself.

On the other hand, a self-employed veteran engaged in a business such as farming, might be in a position to claim a full allowance for every month during his period of entitlement, except the month or months in which he sold off his major crops.

Claims from veterans for readjustment allowances are taken by representatives of the Unemployment Compensation Commission at any of the local employment offices throughout the state. Claims from self-employed veterans should be filed before the 20th of the month following the one for which they report earnings.

INDUSTRIAL SHIFTS IN EMPLOYMENT

It will be of interest to those with responsibility for planning postwar readjustments to observe the industrial character of increases in employment during the war years.

The industrial character of this increase in employment is indicated by the following compilation which gives a distribution of gains and losses by major industry groups. It is significant that declines in employment have occurred in eight of the industry groups. In tobacco and utilities these declines did not result so much from the impact of the war as from the substitution of machines for hand labor in the case of tobacco, and of mechanical improvements, consolidations and a tightening up of the organization in the case of utilities.

It is also significant that employment in textiles, which represents the chief contribution of North Carolina to the war effort, increased by only 16.33

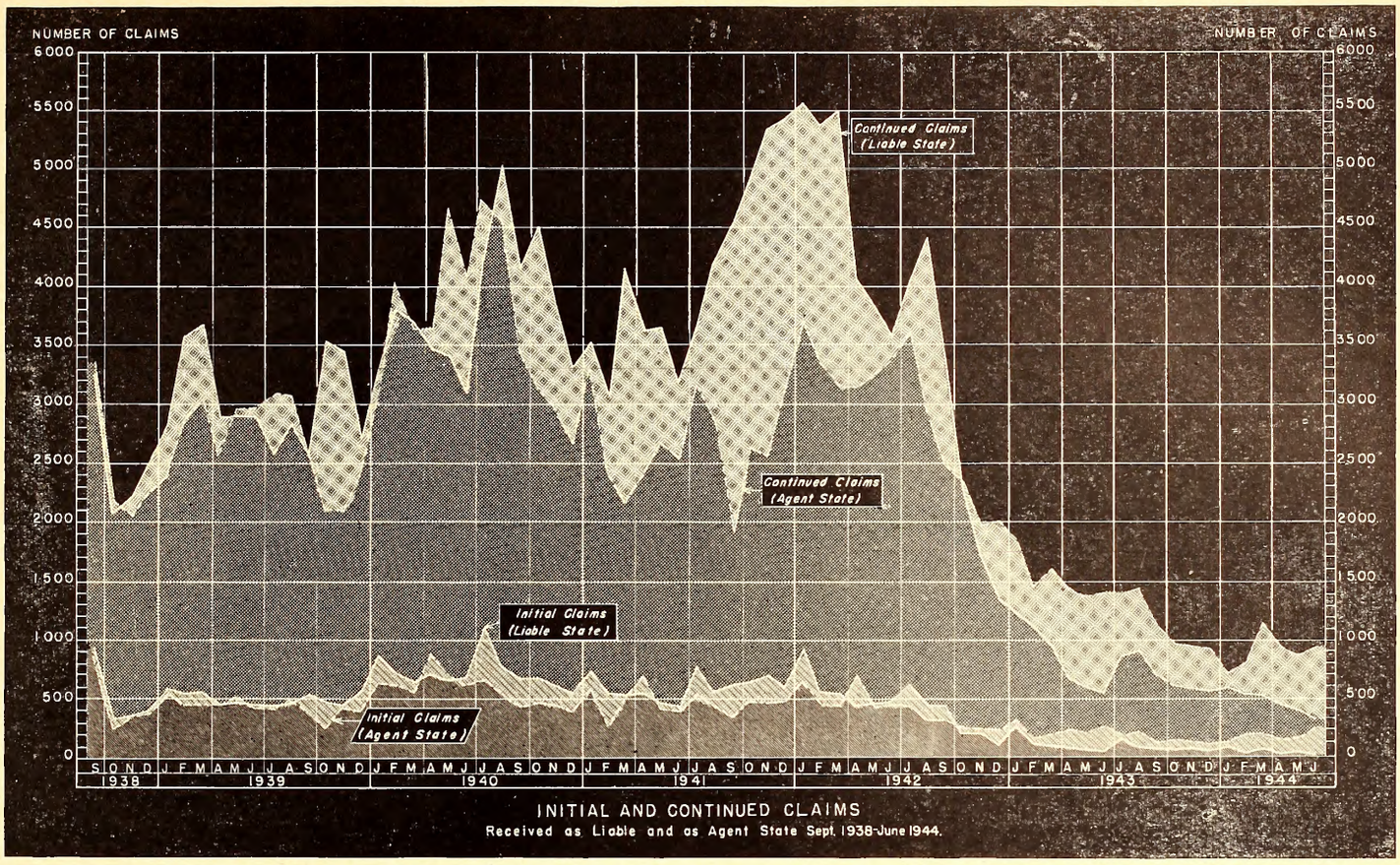
Industrial Shift In Covered Employment In North Carolina 1940-1942

	Increases				Declines
	More than 50%	25 to 50%	10 to 25%	Less than 10%	Per Cent
Mining	67.55				
Construction	131.87				
Manufacture			21.05		
Food			21.84		
Tobacco					10.86
Textiles			16.33		
Apparel		35.13			
Saw Mills and Logging		40.67			
Furniture			21.52		
Paper and Pulp			21.10		
Printing and Publishing				0.32	
Chemicals					30.55
Leather		27.16			
Stone, Clay, Glass					3.21
Iron, Steel			14.01		
Non-ferrous Metal		39.96			
Machinery	66.70				
Auto Equipment	80.28				
Rubber					26.37
Transportation Comm. and Utilities		26.96			
Railroads	68.38				
Trucking	51.57				
Other	73.62				
Transportation Services			17.03		
Water Transportation	74.30				
Communication			21.95		
Utilities					4.41
Trade			15.01		
Wholesale			21.82		
Retail			12.17		
Finance Insurance and Real Estate					8.63
Business and Repair Service					35.30
Personal Services				0.96	
Hotels					30.68
Laundry Service			22.76		
Amusement and Recreation				7.71	
Professional Service	133.02				

percent although in volume this is the largest increase of any industry, and means an addition to the textile labor force of more than 35,000 workers since December 1940.

Phenomenal increases occurred also in general construction and in ship building. Approximately 32,000 workers were added by the former, increasing the number employed in 1940 by 131.87 percent. In 1940 there was practically no covered employment in the manufacture of transportation equipment. By 1942 approximately 18,000 workers were so employed, and by the second quarter of 1943 the number had increased to 34,839.

These increases, practically all of which resulted



INITIAL AND CONTINUED CLAIMS
Received as Liable and as Agent State Sept. 1938-June 1944.

from war production, will indicate in some measure the character of necessary postwar readjustments, the magnitude of which will depend upon the extent to which these increases represent out-of-state labor and others who may retire from the North Carolina labor market at the end of the war. Interstate labor shifts are indicated in a following section.

NORTH CAROLINA AS "LIABLE" AND AS "AGENT" STATE ON INTERSTATE CLAIMS

Workers who become unemployed in other states and later come to North Carolina for work may file claims for unemployment in this state, in which case North Carolina acts as the agent state for the purpose of transmitting the claim to the liable state. The accompanying chart illustrates the trend in the volume of claims, both initial and continued, as between North Carolina as the "Liable" and as the "Agent" state.

From September 1938 until May 1939 continued claims filed against North Carolina as the liable state exceeded those filed against it as the agent state. The same was true from September 1939 until February 1940, and from August 1940 until October 1942. It is significant that for all months since October 1942 for continued claims and since May 1942 for initial claims, the number handled by North Carolina in which other states were liable has exceeded the number referred by them to North Carolina for payment. This reflects an influx of workers from other states to North Carolina either for employment, or, in the case of many women, because of the attachment of their husbands to military bases in this state.

EFFECT OF WAR PRODUCTION ON INDUSTRY

It has been claimed by some that war production was proving disastrous to small business, because of the concentration of war contracts in large plants, attended by priorities and restrictions which forced many smaller plants without war contracts into liquidation. While Unemployment Compensation records do not reflect fully the impact of war on employers of fewer than eight workers it will be of interest to examine the changes in employment since 1940 among the more than 10,000 employers who are covered by the law. It is noticeable that 29.36 percent of the 10,181 covered employers had fewer than eight workers during the fourth quarter of 1942, and that 69.61 percent had fewer than 25 workers. Therefore, a comparison of their employment in 1940 and 1942 presents a realistic picture of the effect of war contracts which were generally supposed to have been concentrated in larger plants. It is true that except for ship and camp construction, North Carolina's participation in war production has been limited chiefly to textiles, less than 50 plants being reported as devoted wholly to war production other than textiles; yet the volume of sub-contract production and the increase in demand for consumer goods in general by the military forces have had a sustaining effect that has on the whole kept the small employers pretty much in the vanguard of the procession.

During the period January 1940 to December 1942, there were 3,617 establishments dropped from active status, due to liquidations, consolidations or retirement from the state. Their places were taken by 4,781 concerns which became subject to the law

during the same period, and resulted in a net increase of covered employers of 12.91 percent during the 36 months. The percentage of increase among employers of fewer than eight workers was but slightly less (10.05 percent) than the average for the entire group. Actually in the aggregate, 301 employers included in the net increase of 1,164, or 25.86 percent of all added employers, had fewer than eight workers. It is apparent, therefore, that war production acted as no deterrent in so far as small enterprises were concerned.

While the distribution does not indicate increases in employment for identical firms, the ratio of increase among smaller firms compares favorably with that of the larger units, except for the few large plants established solely for war construction. The increase in employment among all concerns employing fewer than eight workers was 33.90 percent compared to an average of 34.98 percent for all employers.

It is of interest to note, however, that increases in wages among small employers were relatively far less than among larger plants. The increase among employers of fewer than eight workers was 78.54 percent, while the average increase for all employers was 115.49 percent. Deducting rate of increase in employment from rate of increase in wages it may be assumed roughly that wages for identical employment increased by 44.64 percent among employers of seven or less and by 80.51 percent on an average among all employers.

EXHAUSTION OF BENEFIT RIGHTS

For benefit years which began after February 15, 1939, all eligible claimants were entitled to draw benefits for 16 weeks if unemployed and eligible. A claimant who exhausted his benefit rights by drawing benefits for 16 weeks could not draw additional benefits until the beginning of a new benefit year, or one year after he filed the first claim in his preceeding benefit year. Inasmuch as these exhaustions indicate the extent to which the benefit formula fails to meet the needs of the claimants involved, it is of interest to observe the relation between the number of exhaustions and the number who become eligible for benfits.

The ratio of the number who exhausted their benefit rights to the number of different beneficiaries during the year 1939 was 34.97 percent. This means that for every 100 different claimants who drew benefits during that year there were 35 claimants who drew benefits for the maximum of 16 weeks. In 1940 this ratio rose to 37.55 percent; in 1941 to 43.42 percent; in 1942 to 43.72 percent, and in 1943 declined to 38.55 percent. During the first six months of 1944, the exhaustion ratio was 40.20 percent. It will probably be less when data for the second half of 1944 becomes available. The highest rate of exhaustions now occurs in the early months of the year, whereas, the reverse was true for 1939, 1940, and also for 1942. The highest ratio of exhaustions for 1939 occurred in September at 60.48 percent; for 1940, in November at 127.62 percent; for 1941, in February at 55.03 percent; for 1942, in November at 84.48 percent; for 1943, in April at 119.47 percent; and for the first half of 1944, in March at 105.64 percent.

This upward trend in the ratio of exhaustions during a period of high employment levels, with a sharply declining claim load, seems paradoxical. However, as has been pointed out in special studies, war production has not overcome the factor of seasonality in many of North Carolina's industrial activities such as tobacco processing, food products and fertilizer manufacture which are dependent upon the availability of raw material.

A duration study made in May 1944 covering benefits paid in 1943 indicated that while the average ratio of exhaustions for all industries was 43.72 percent, it was 56.34 percent, or 28.87 percent higher, for the tobacco processing industry. While the ratio of exhaustions in 1943 was slightly below 1942, when employment was at a higher level, it is above the ratio for either 1939 or 1940. Also while the ratio of exhaustions in the tobacco processing group declined from 72.21 percent in 1942 to 56.34 percent in 1943, and in the food products group declined from 45.12 percent to 42.86 percent, the number of claimants from the seasonal groups who exhaust their benefit rights remains sufficiently constant to produce an upward trend in the ratio of exhaustions to new claims in the benefit year.

At the present high level of employment, it may be assumed that the number of exhaustions has reached an irreducible minimum which will reflect most significantly the effect of seasonality on the adequacy of the present benefit formula. The number exhausting benefit rights during the last nine months of 1939 was 18,446. For the year 1940 the number was 31,915. It dropped in 1941 to 23,770; in 1942 to 16,395; in 1943 to 4,447, and in the first half of 1944 to 1,043.

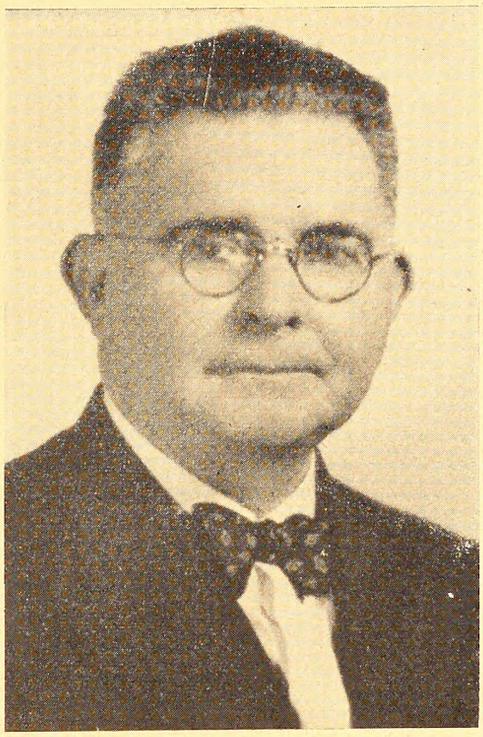
Data on exhaustions for the first three months of 1939 are not available. Comparing the last nine months of 1939 with the same period in 1940, and the first six months of 1944 with the first six months of 1943, the annual percentage change in the number of new claimants and in exhaustions is as follows:

EXHAUSTION RATIOS OF N. C. UNEMPLOYMENT BENEFIT PAYMENTS

	Percentage Change in:			Ratio of Exhaustion to New Claimants
	Exhaustions %	New Claimants %		%
			1939	34.97
1939-1940	41.01	2.99	1940	37.55
1940-1941	25.52	35.99	1941	43.42
1941-1942	31.03	23.89	1942	43.72
1942-1943	72.88	84.36	1943	38.55
1943-1944	71.89	46.70	1944	40.20

North Carolina Business Trends

The department of research and statistics of North Carolina's Unemployment Compensation Commission maintains a monthly index of business activity for the purpose of viewing current trends throughout the state. This index is constructed from data contained in the reports of the Federal Reserve Board, the U. S. Bureau of the Census, the Federal Power Commission, the U. S. Bureau of Mines, Life Insurance Sales Research Bureau, the N. C. Department of Labor, the N. C. Department of Revenue, Southern Furniture Manufacturers Association, and in the Survey of Current Business of the U. S. Department of Commerce.



SILAS F. CAMPBELL

REVIEW OF 1944

General business conditions in the state during 1944 were 4.7 percent below 1943, according to the North Carolina Business Index which is prepared by Silas F. Campbell, Chief of the Bureau of Research and Statistics of the Unemployment Compensation Commission of North Carolina.

Campbell points out, however, that the average for the year was 62.8 percent above the average for the five-year period 1935-1939, and that the downward trend in North Carolina during 1944 was less than for the nation at large, as indicated by national indexes of industrial production.

The accompanying chart illustrates business trends in the more important of the series included in the index during the last 20 years, the first 16 years giving the annual trend and the last four giving the monthly trend. All index numbers used in the various analyses are based on the monthly volume of activity in the respective series for a period of years varying with the different types of activity and these indexes have been adjusted for trend and seasonal variation. The trend period for the several indicators included in the composite index are as follows:

Active Spindle Hours	1913-1939
Bank Debits	1923-1940
Cement Shipments	1934-1940
Cigarette Production	1924-1939
Construction Contracts	1924-1940
Cotton Consumption	1913-1939
Department Store Sales	1934-1941
Electrical Energy Production	1920-1939
Gasoline Consumption	1925-1939
Hours per Spindle in Place	1922-1939
New Car Sales	1925-1939
Ordinary Life Insurance Sales	1923-1940

Except for the state of Alabama, whose University, through its Business Research Department, compiles a business index for that state, North Carolina is the only state, so far as known, that provides an index of industrial production and general business conditions comparable to the federal indexes at the national level.

The monthly relatives on employment and payrolls are not included in the composite index upon the assumption that fluctuations therein are adequately reflected in the data on industrial production.

The calculated trend in each series covers the entire period for which monthly data have been available. The trend increment is stated for each series and this is taken as 100 for the purpose of determining current monthly indexes. Fluctuations above and below 100 indicate the extent to which the series has departed from the trend as calculated for the trend period.

It will be seen from the accompanying chart that except for 1938, the trend was consistently upward from 1933 to 1940 and that it was greatly accelerated with the beginning of 1941, nearly a year before this country entered the War.

It will also be noted that except for bank debits and electrical energy production, the peak was reached in this state in 1942, (construction in 1941), although for the country as a whole, the peak appears to have been in 1943. This is due to the fact that this state had a large concentration of construction at military camps and was the beneficiary under government contracts for clothing the Army which

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The recent appointment of Silas F. Campbell as Director of the U. C. C.'s Bureau of Research and Statistics comes as a recognition of 27 years service to the State of North Carolina.

With an experience of more than 25 years in industrial auditing and actuarial work, he was called into the State Employment Service in 1933 to set up a statistical program. He was appointed Supervisor of Statistics, and later served as Fiscal Supervisor and as Assistant Director.

Upon the consolidation of the Service with the U. C. C. he was made Senior Statistician, and later appointed as Supervisor of the Bureau. Upon the appointment of Dr. W. R. Curtis, former Director of the Bureau, as Director of the U. C. Division in 1941, Mr. Campbell assumed direction of the statistical program, and the present appointment comes as an adjustment of the title to the job in hand.

In his present position Mr. Campbell has developed and issued monthly an index of business conditions and industrial production in North Carolina which has received national recognition and favorable comment from such men as Roger W. Babson and the leading economists of many of our larger universities, including Duke, the University of North Carolina, Princeton and Columbia.

reached a peak long before the maximum production of durable goods was affected.

This concentration of manufacture in production of consumer goods in North Carolina has been responsible for a higher level in business conditions generally ever since the upward trend from the depression of the 30's got underway. This higher level will be discernable by comparison of the indexes of national and North Carolina bank debits, and it will be seen that the North Carolina level remained higher than the national level until the effect of war production in the durable goods field was reflected in the national index during February 1943, when for the first time since 1930 the national index of bank debits was above that of North Carolina. The North Carolina index of bank debits (March 1945) is 218.30 compared to 205.42 for the nation.

While the bank debits are at present heavily weighted with government transactions, such as the purchase of bonds and the transfer of funds for the maintenance of military forces, the index is affected in like manner in other states and for comparative purposes it may be seen that the tremendous upswing in the manufacture of consumer goods has more than offset the state's lack of durable goods manufacture.

Reviewing conditions during 1944, Campbell prefaces his report with the reminder that "It is not enough that the combined business index be high in order to insure economic stability. Today the index of bank transactions is the highest in history, while the index of construction is the lowest since the depression years of the thirties, as is the index of gasoline sales. The index of employment is also lower than the scarcity of labor would indicate. Today the combined business index is at the highest level of a century; yet, who would say that with less money in circulation, but more gasoline, more production for civilian use, with fewer restrictions on construction and travel, life for most of us would not assume a brighter and more prosperous aspect, though the general business index remained the same.

As long as there are areas of depression within the business cycle, no matter how high certain of the indexes may soar, these areas will indicate a derangement of the economy that introduces a sour note into the song of prosperity.

While the war period has put more money into circulation than ever before, and has raised the business index to unprecedented heights, our real era of prosperity will arrive when all the measured indicators of business trends come into greater harmony and closer correlation with each other. This lack of correlation was especially apparent among the various indexes in the late twenties and the result was the disastrous collapse which followed in the early thirties. Just as no trade is a good one in which both parties do not profit, so no economy is wholesome in which only one segment of the working some measure compensate for the inequality of sacrifice that has of necessity characterized this period of emergency.

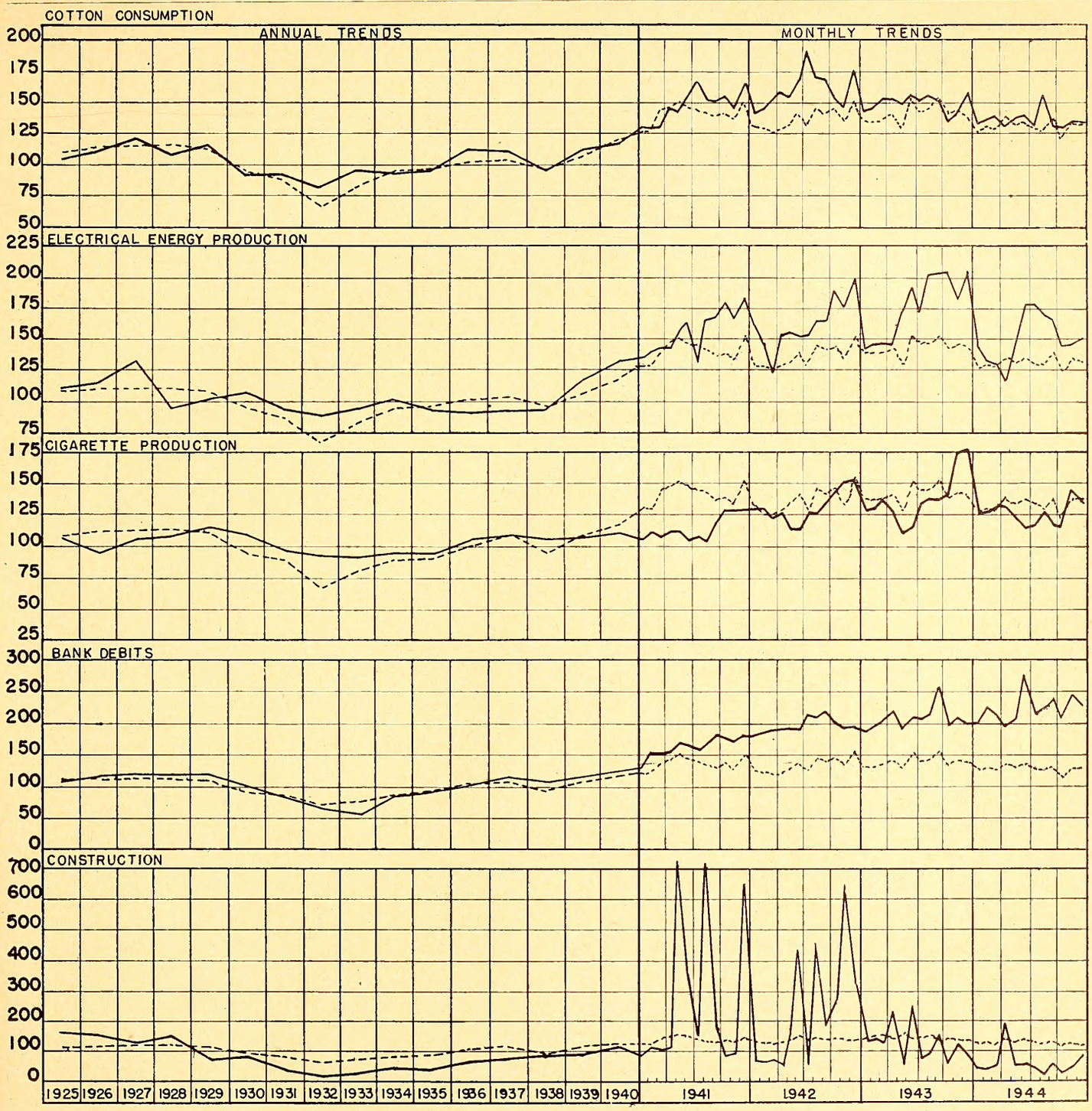
CONSTRUCTION

According to Campbell's index the most depressing effect upon the 1944 business trend was caused by the decline in construction, concerning which he comments as follows: "Few activities are more responsive to cyclical influences than construction, yet on a monthly basis it is misleading as a unit of measurement because of the "carry-over." Contracts let during a given month may be reflected in increased employment for many months or even years; and, while this distortion is at a minimum during periods of normal business, it is especially violent during periods of transition or economic upheaval. The buoyant effect of the war program on construction in North Carolina was reflected in our business index six months before Pearl Harbor, when in May and June 1941, 60 million dollars in war contracts were let covering hydro-electric plants and military cantonments, some of which are not even yet completed. During 1941 more than $200 million in contracts were let; in 1942, 170.6 million; in 1943, $91 million, and in 1944, $46.3 million. During these four years more contracts were let than in the preceding eleven years beginning with 1930, although a considerable volume of contracts for hydro-electric development was being executed in 1940.

The peak in volume of contracts was reached in 1941, also the peak in employment, when in February more than 100,000 were employed in construction work in North Carolina. Accordingly the construction index, on a basis of the 1924-1941 trend, reached a peak of 706.34 in May 1941, with an average for the year 278.89, from which it has since steadily declined, being 239.35 for 1942, 127.12 for 1943, and 63.39 for 1944. This means that during 1944 construction activity was 36.61 percent below the general trend from 1924 to 1941. During 1944 the monthly average of contracts let was $3,858,000., which is 1.1 percent more than the monthly average for the eleven year period 1930-1940. The $46,293,-000. in contracts let during 1944 represents a decline of 49.37 percent from 1943, and is 14.95 percent below the average for 1935-1939.

The present outlook is for an extremely low level in construction work until the end of the war; and, while there is considerable optimism concerning post-war construction, few people realize the extent to which forests have been denuded of high grade timber, and the source of supply exhausted to meet war needs. Except for highway, steel and concrete building construction, this factor is likely to retard seriously the resumption of private construction on a scale comparable with post-war needs.

While it is too early to make any specific prediction concerning post-war construction, it is possible that repair, alteration and modernization work may go far towards restoring construction to a high level of employment. Much will depend upon whether the post-war cost of insulation, combination heating and air-conditioning systems and other mechanical items is such as to limit their introduction to the luxury market. It is not generally believed by those with most experience in producing building material and equipment that the radical changes in construction predicted by some which involve the extensive use of plastics, plywood and fabricated units, will materialize except as a gradual evolution covering many years of experimentation and study, although off-site



TWENTY YEAR TREND INDEX OF LEADING INDICATORS
In Relation To Composite Trend
Detail=————Composite=--------

processing and assembling may be considerably expanded as a result of post-war demands.

COTTON TEXTILES

According to Campbell's analysis, North Carolina cotton mills have 2.5 percent of all the world's cotton spindles, numbering nearly 150,000,000., and 24.7 percent of the nation's total. "In the manufacture of cotton textiles," his report states, "North Carolina ranks first among all the states in employment, in payrolls and in number of bales consumed. Its cotton textile plants employ 32.7 percent of the total number employed in cotton textiles in the United States, although the cotton consumption in North Carolina is only 25.6 percent of the country's total. It leads the next highest state, (Georgia) in cotton consumption by approximately half a million bales annually. Its position in relation to total textile employment in the United States has deteriorated slightly in the past decade, but has somewhat improved since 1939.

In 1942 there were 503,000 workers employed in cotton textiles in the United States, of whom 164,000 or 32.6 percent were employed in North Carolina mills. The total cotton consumption that year was 11.4 million bales, of which North Carolina plants consumed 2.9 million bales, or 25.4 percent of the total.

In 1943 there were 486,000 workers employed in all

of the cotton textile plants of the country, of whom 160,000, or 32.9 percent, were employed in North Carolina. The cotton consumption for the year 1943 was 10.7 million bales, of which North Carolina plants consumed 2.8 million bales, or 26.1 percent of the total. The above figures as to North Carolina do not include employment in hosiery mills, rayon, worsted or silk mills. Data for the United States are said to represent the entire cotton textile industry, and may or may not include employment in plants manufacturing cotton hosiery.

The volume of cotton consumption in North Carolina during 1944, 2,789,988 bales, was 189,000 bales under 1943, a decline of 6.77 percent, while spindle activity declined in about the same ratio, active spindle hours by 6.65 percent, and hours per spindle by 6.76 percent. The average index of cotton consumption for 1944, of 140.08, based on the 1913-1939 trend, represents a decline from the 1943 index of 8.34 percent. The index based on the 1935-1939 average, which includes the trend increment, is 152.65, or 9.61 percent under the 1943 index on this base. The index of spindle activity remains at a higher level than for cotton consumption, due apparently to a larger production of finer market yarns. During the period 1913 to 1939 cotton consumed by North Carolina textiles increased at an average annual rate of 2.80 percent, while the number of active spindle hours increased at an average annual rate of only 0.01 percent, and hours per spindle actually declined at an average annual rate of 0.37 percent, indicating that during that period the trend was towards coarser yarns, while the reverse has been true since 1939. The outlook for 1945 is an increase in production which may equal the 1943 level in order to meet the revised demands of the military forces. Apparently the availability of manpower will be the controlling factor in determining to what extent increases or declines may occur in production, both for war and civilian use. Data for January 1945 indicate some increase over January 1944, but is under January 1943 by 2.38 percent.

Nationally, there has been a yearly liquidation of spindles, extending as far back as the twenties. The New England states lost 10,575,767 spindles between 1922 and 1935, while North Carolina gained 2,887,000 during the same period.

The national decline in the number of spindles in place from 1922 to 1944 has been 37.55 percent, while, during the same period, the increase in North Carolina spindles has been 7.79 percent. A comparison between 1940 and 1944, however, reveals that North Carolina has now joined in the liquidation movement; for, during that five years the United States total declined by 6.42 percent, and North Carolina totals also declined, but by only 2.34 percent. Today, North Carolina has a larger percentage of the national total (24.68 percent) than it had in either 1940 (23.60 percent) or in 1922 (14.30 percent).

BANK DEBITS

Quoting from Campbell's report, "Bank debits, which are usually a significant indicator of trends in business, are now heavily weighted with government transactions which are unrelated to industrial production, and must, therefore, be considered with caution in their relation to the business index. Bank debits in North Carolina had declined from 1925 to 1933, but took an upward turn in 1934, each successive year to date, except 1938, reaching new heights.

The increase from 1943 to 1944 was 9.37 percent, compared to 4.55 percent for the previous year; and the index for 1944 is 126.14 above the 1923-1940 trend. It is 113.96 percent above the 1935-1939 average, while the national index of bank debits is only 104.79 percent above the 1935-1939 average. National bank debits increased in 1944, however, at a faster rate than did those for North Carolina. This greater increase at the national level reflects not only the weight of federal financial transactions, but also the accelerated production of durable goods, practically all of which are produced in other states.

ELECTRICAL ENERGY PRODUCTION

Because there is no surplus or carry-over in the production of electrical energy, its production is a most significant indicator of general business trends. Campbell's index discloses that "The production of electrical energy in North Carolina during 1944 declined more than five hundred million kilowatt hours, or 11.18 percent below the 1943 level. This decline does not all represent curtailment of consumption in this state. Much of the current generated in this state crosses state lines for use by the industries of other states, and with the increase of local production in those states the transmission of North Carolina current to other states has materially declined. The index for 1944 is approximately 50.00 percent above the 1920-1939 trend, and more than 100.00 percent above the 1935-1939 average. During the years 1920-1939 the production of electrical energy in this state increased at an average annual rate of 9.30 percent compound interest basis.

CIGARETTE PRODUCTION

Commenting on the shortage of cigarettes, Campbell's analysis shows that, "The shortage in cigarettes during the latter half of 1944 is only partially reflected in the monthly indexes of tax-paid withdrawals, which declined from 133.19 in March to 115.98 in June, from which it gradually rose to 143.90 in November. The index for the year indicates that production during 1944 was 53.02 percent above the 1935-1939 average, and 26.16 percent above the trend during the years 1924-1939. In volume the production for 1944 totaled 239,259,000,000 cigarettes, a decline of 7.17 percent from the previous year. During the trend period, 1924-1939, cigarette production increased at an average annual rate of 7.60 percent compound interest basis. It is interesting to note that the production of flue-cured tobacco in North Carolina, from which cigarettes are made, increased from 1920 to 1944 at an average annual rate of 2.82 percent, or approximately 12.5 million pounds. The potential increase of cigarettes from North Carolina tobacco alone may be estimated,

since there are approximately 500 cigarettes to the pound.

ORDINARY LIFE INSURANCE SALES

According to Campbell's studies of life insurance sales in relation to general business trends, "The increased sale of life insurance, maintained over a period of time, usually reflects improvement in income, as well as in the standard of living. This is perhaps more nearly true of the investment types than of ordinary life insurance, the sole purpose of which is protection. Both types are responsive to cyclical influences, the former more readily so. However, with the addition of more attractive features to endowment, educational and annuity policies, these types of insurance, for nearly a generation, have been supplanting the sale of ordinary life insurance, except in the industrial field.

Its sale had been on a decline since 1923 when $175,518,000 in sales were reported. It reached the lowest level in 1942 with $89,289,000. It has not yet recovered the level of the twenties; however, the war gave it sudden impetus, and the largest volume ever written in one month was turned in in December 1941 at $14,689,000. The year 1944, with $134,164,000 is the highest since 1930, and represents a gain of 16.32 percent over 1943. The index for 1944 is 187.04 percent of the 1923-1940 trend, but only 142.26 of the 1935-1939 average."

FURNITURE SHIPMENTS

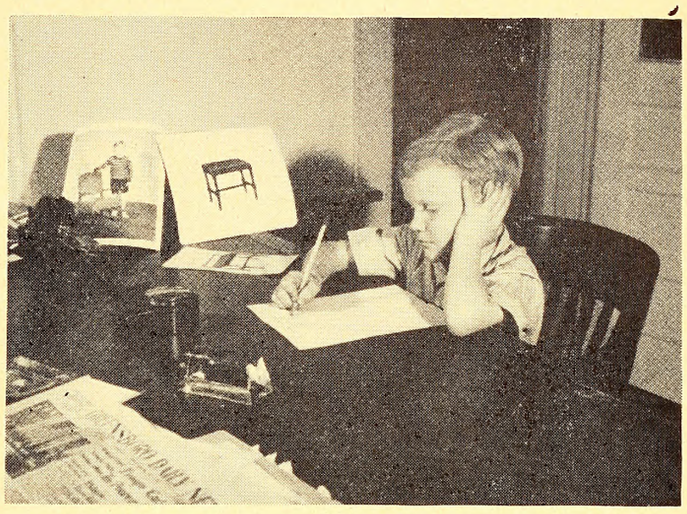
"On an annual basis," says Campbell's report, "the index of furniture shipments may be taken as a significant measure of industrial output in North Carolina. Dollar volume data are lacking for a sufficient period to establish a long-time trend line. The industry has been under progressive restrictions since the beginning of the war, and the activity of some plants devoted wholly to war production cannot be reflected in the monthly index of output. The 1944 index of furniture shipments, based on the 1935-1939 average for identical reporting firms is 140.23, or 7.88 percent under 1943."

EMPLOYMENT AND PAYROLLS

Concluding his review of 1944, Campbell's report shows that "According to unemployment compensation records on employment, 1942 was the peak year in employment in this state, although the combined business index for 1942 was 156.44, compared to 157.49 for 1941. The higher combined index for 1941 resulted from the tremendous amount of construction contracts let in 1941, which unduly weighted the index for that year, since most of the work was actually executed in 1943.

Employment in industries covered by the unemployment compensation law reached a total of 591,335 in 1942, while for 1943 the total reported to June 30th, 1944, was 587,861. Later reports have increased the total to approximately 582,000. Complete data are not yet available on 1944 employment, but sample data collected by the State Department of Labor, from which indexes of employment and payrolls are constructed, indicate that the average employment in all industries in 1944 was 10.31 percent below the average for 1943, while the payroll index for all industries in 1944 was 4.57 percent below the average for 1943.

EMPLOYER, JR.



KENNY BALES—*High Point Employer.*

Red-haired, frecklefaced little Kenny Bales is only seven years old, but for three years now he has been owner, president, general manager and handyman of the Acme Stool and Novelty Company, an enterprise which flourishes in High Point, N. C., the nation's furniture center.

Kenney is an orphan but already his business has made enough money so that he'll never have to worry about that education his foster parents are determined he shall have. He needn't worry about his business career, either, because some of the profits from the Acme Company are being ploughed back into the business, and he is building a modern factory which will house a neat little business he can take over at any time.

In fact, Kenney already has taken over. In 1942, Mr. and Mrs. N. W. Bales, who adopted the lad, put up $200 to add to $100 of his own to start a business for him. It was located in the back of the Bales' hosiery mill, a modest manufacturing plant here, and two girls were employed to assemble benches and tables. They found a ready sale, and production has ranged from 200 to 600 units a week, going directly to furniture jobbers.

Bales "took a look" once in a while, and did the purchasing and selling. Now Kenney comes to his factory every day, the acknowledged boss, and helps nail on bench tops, tidies up the place, and sees that his "force" is busy.

The company, wholly owned by Kenney, prospered so well that Bales was able to set up sufficient reserves for the boy's education, and to start building a plant which eventually will house the little business. The company also has bought adjacent land on which is seasoned Kenney's wood. Kenney is inordinately proud of his new factory, and spends some time each day discussing its features with the contractor. He likes furniture building and says his enterprise some day will rival the giant furniture factories which overlook his little plant.

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Benefit Payments for Partial Unemployment.

Employer Experience Rating in North Carolina.

Information for Workers about Unemployment Compensation.

POSTERS:

Employer's Certificate of Coverage and Notice to Workers.

Notice to Workers—Partial Benefits.

Are You Protected?

STATISTICAL REPORTS:

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(1) Summary of Claims Activity

(2) Summary of Local Office Operations

(3) Number and Amount of Benefit Payments, by Office (monthly).

Weekly Summary of Initial and Continued Claims Taken and Benefit Checks Distributed by Area and Office.

(Special Studies, 1944-1945)

Analysis of Benefit Formulas—1936-1939-1940—Alternates

Analysis of Claims with Benefit Years Ending in 1944.

Covered Employment and Wages 1943, by County and Industry (Confidential)

Effect of Demobilization on N. C. Employment and Unemployment Compensation

Experience Rating in N. C., 1945

Geographic Distribution of the N. C. Labor Force

Industrial Distribution of the N. C. Labor Force

Industrial Trends in N. C., 1940-1942

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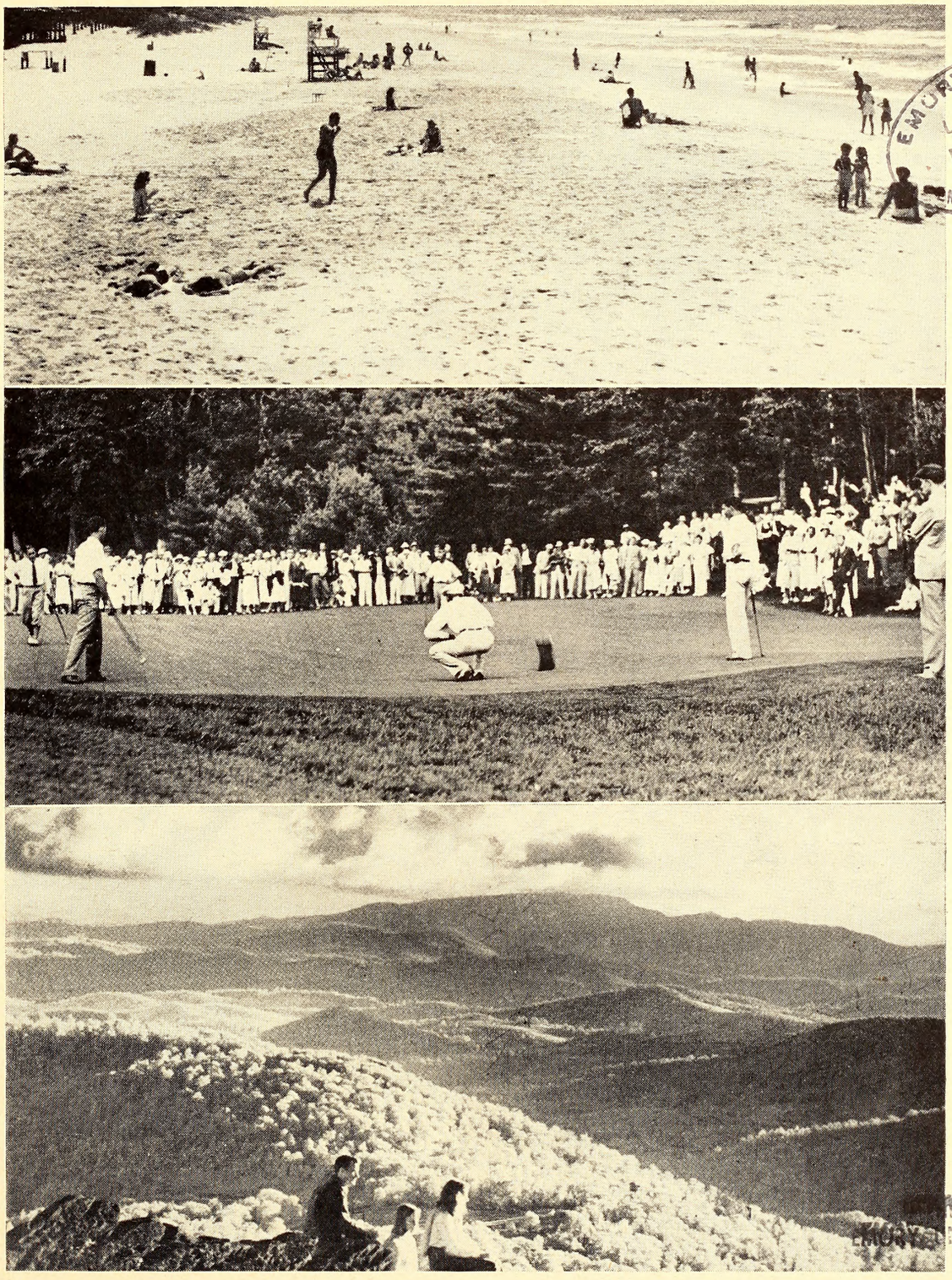

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Serving Travelers on Vacation or Business—An Important State Industry

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MRS. FRANCES T. HILL . . . . . *Editor*

Cover illustrations represent typical North Carolina industries under the unemployment compensation program.

Cover for Fall, 1945—Serving Travelers on Vacation or Business—An Important State Industry. Illustration prepared by Hemmer, N. C. State News Bureau. Such figures as are available show that the travel industry is of the greatest economic importance to North Carolina. It provides employment for thousands of persons and contributes millions of dollars to the income of the state, both directly and indirectly. In the years immediately preceding the war, the travel industry had shown a phenomenal growth in North Carolina. Prospects for its development in future years indicate much greater expansion. This issue of the *Quarterly* includes articles pointing out the economic possibilities of travel, considered as an industry, and the allied business of hotel services.

Sent free and upon request to responsible individuals, agencies, organizations and libraries. Address: U. C. C. Informational Service, Raleigh, N. C.

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CONTENTS

Common Sense Regarding Unemployment 86
Facts, Figures, and Policies 87
Purchasing Power and Unemployment 87
Unemployment Compensation By The States 89
Veterans Create An Airline, By E. Carl Sink 90
Vocational Training For World War Veterans, By J. Warren Smith 91
The Dogwood For Luck 94
A Banker Appraises The South, By Robert M. Hanes 95
U. C. C. Chief Looks To North Carolina's Future 97
The Travel Industry 98
Tourism Is Big Business, By Felix A. Grisette 99
Memo On Travel In North Carolina, By Bill Sharpe 100
Tips As Wages 103
Suitable Work In The Post-war Period, By Irene M. Zaccaro 104
The Law In Action, By Bruce Billings 108
Unemployment Benefits, By S. F. Teague 109
Notes On U. C. C. Operations 112
Keeping Up With Industrial Expansion And Contraction 115
Honor Roll For Industry 119

THE LAW IN ACTION

With this issue of the *Quarterly*, we introduce a new feature, to be carried regularly in future issues. This is a section, under the heading of THE LAW IN ACTION, in which our Senior Attorney, Mr. Bruce Billings, discusses cases which have come before the Commission for decision and how various aspects of the Unemployment Compensation Law apply to them. His analysis shows the manner in which the Commission's administrative practices and policies work when particular sets of facts are presented for consideration. Mr. Billings is a graduate of the Duke University Law School. He has been with the Unemployment Compensation Commission since December 1937, and became Senior Attorney in November 1944.

Editors note.

COMMON SENSE REGARDING UNEMPLOYMENT

Plenty of common sense will be needed by both management and labor during this reconversion period from war to peacetime work.

We have already had many problem cases where war workers have lost highly paid jobs and have sought job insurance when they could not find employment that used their highest skill at wages received in war work. During the period of readjustment when living costs are still high, employers should pay as high wages as are reasonably possible under the conditions they must meet. Full employment cannot be maintained unless there is also full purchasing power. All elements lose when national purchasing power is reduced by lower earnings of the workers.

On the other hand, there probably will not be enough high-wage jobs, at least immediately, to go around for all who have learned new and special skills in war work. It now appears that the reconversion is to be less drastic in North Carolina than it may be elsewhere in the country, because of the character of our major industries. However, there will be many readjustments, and we expect many workers to file claims for unemployment insurance during the readjustment period before they become re-employed. Most workers should accept the best jobs that are available at the wage rates prevailing in their communities. This will mean that some will necessarily have to return to former occupations, even though their pay is less than earned in war work.

It will be far better for most displaced workers to accept reasonable wage offers rather than to depend on the temporary job insurance provided by our law. The highest weekly benefit is $20 a week—available to workers who have earned $2,080.00 or more in their base-period year. Our average payment for total unemployment is now around $12.00 a week. Almost any productive job should pay a good worker better wages than he would be eligible to draw in benefits.

The N. C. law requires a worker to be able and available for work, in order to be eligible for unem-

ployment compensation. A refusal of an offer of suitable work will disqualify a claimant. Each case considered by the Commission on its individual merits and with due regard to job opportunities and to wage rates that prevail in the particular community. In many cases, however, it will be necessary to consider a job offer as suitable work even though the wages are less than the individual has earned during the war years and even though the offered work requires less skill than was required in his former job.

FACTS. FIGURES. AND POLICIES

After two months of reconversion, questions arose throughout the state as to the large number of unfilled jobs and whether or not too many released war workers might not be drawing unemployment benefits—preferring loiter to labor.

An analysis of the situation at the end of September revealed a very different picture. Although some 16,000 war workers had been reported laid off in North Carolina, less than 30 percent of them were claiming unemployment checks. Presumably the great majority had found re-employment quickly.

The Commission was then paying benefits to 7,010 unemployed workers, of whom 1,221 became unemployed before the end of the war. Most of these people were skilled workers, and four out of five of them were women. Meanwhile, the employment offices located throughout the state were listing a total of 40,500 job openings. Hence the questions.

The Unemployment Compensation Commission pays benefits to covered workers who lose their jobs through no fault of their own. To be eligible for benefits, a worker must register for work at an employment office and must be able, available and willing to work. He is not eligible for benefits if he refuses to accept suitable work.

If he quits work voluntarily, without good cause attributable to the employer, or if he is discharged for misconduct connected with his work, or if he refuses to accept suitable work, the worker is disqualified for benefits for periods ranging from a minimum of four to a maximum of twelve weeks and his earned benefit amount is reduced accordingly.

The Unemployment Compensation Commission of North Carolina believes that the North Carolina worker, who has worked in war plants in the state and out, and who has acquired skills that he did not have two or three years ago, ought to be given a reasonable time within which to find a job calling for that skill, or to have the Employment Service find such a job for him.

During this time our Commission thinks that he should draw benefits as provided by law. If it turns out that no such work is available and if the worker refuses to accept "suitable work", then benefits should cease. Everything hinges on what constitutes "suitable work". Obviously, work suitable for one person may not be suitable for another. There were 7,010 people drawing compensation benefits in North Carolina, and scattered over the 100 counties of the state according to U. S. Employment Service figures, were 40,500 jobs—60 percent of these for common labor.

Of the claimants, 5,475 were women. How many, even of the less than 2,000 men, should be required to accept pick and shovel jobs? The issue of suitable work varies from claimant to claimant and every claimant's case must be decided on its own merits.

There is one sure thing about North Carolina's unemployment compensation which claimants are quick to discover: None is going to get rich on the benefits. In no case can a benefit exceed $20 a week. That is the maximum and goes to a person with earned credits of $2,080 or more in his benefit year and who has been earning $40 or more per week.

North Carolina's schedule of payments provided for benefits of approximately 50 percent of a worker's weekly earnings. The duration of payments is up to sixteen weeks, or up to sixteen times a benefit amount within a year, should the claimant remain totally or partially unemployed. The only exception to this applies to a veteran, who may be entitled to draw checks for twenty weeks, or up to twenty times his benefit amount, within a given year.

In so far as the policy of the Agency is concerned, it has undertaken to guard jealously the safety of the fund against the unscrupulous attempt of any who might prefer loiter to labor. To this end it goes further than practically any other state by maintaining in the field competent claims deputies with judicial qualifications, competent to pass upon any legal aspect which might affect the rights of the claimant or the safety of the "fund from fraud".

A. L. F.

PURCHASING POWER AND UNEMPLOYMENT

An increase in wages, aimed at an expansion of purchasing power, is a fallacious policy to the extent that such increase results in higher price levels and increased living costs.

Everyone will agree that to have a high level of employment there must be a high level of production; and that a high level of production calls for a high level of purchasing power, which in turn means relatively high, but of greater importance relatively uniform, wage levels.

That this uniformity is of prime importance can be illustrated by a simple hypothesis. Assume a working force of 48 million with wages which are fairly adjusted to production and living costs. One-fourth of these workers, engaged in producing consumer goods, are able, through their bargaining power to obtain wage increases which raise total wage payments by 50 percent.

Since wages were originally adjusted to production costs this increase in wages must be reflected in increased prices of consumer goods, so that the 25 percent of the workers whose wages were increased are able to buy no more with higher wages, than before the increase, while the other 75 percent can buy much loss. Thus, the economic balance is immediately upset. Total consumer demand does not rise

in proportion to the theoretical increase in purchasing power. In volume, it is less because of the decreased purchasing power of 75 percent of the workers. Production is reduced, unemployment follows, and increases in proportion to the disparity in wages.

The single instance in which the income of only one segment of the labor force can be raised without disturbing the economic equilibrium is in the case of farm products consumed in their raw state. When farmers receive good prices for their products the burden of the increase falls equally on all in proportion to their consumption needs, without increasing manufacturing costs and without regard to a high or low wage level. At the same time it increases the purchasing power of the large agricultural population for manufactured goods, the increased production of which means increased employment in industry, trade and transportation.

One important group of economists holds that there is a wage level—a low level—at which all labor could be employed, and they contend that high wages are responsible for unemployment, in that unemployment results from lack of capital, which in turn is due to the presence of too high wage rates. This is known as the capital scarcity theory, and apparently is based on the assumption that low wages make for more profits, and consequently more capital which (they assume) will be invested in increased production.

The fallacy of this theory lies in the demonstrated fact that low wages and greater profits lead to increased dividends, and often, instead of reducing administrative and executive salaries to correspond with reduced wage levels, it is more apt to result in an increase of the take-off by both administrators and executives. In this case the purchasing power of the masses is reduced without a corresponding reduction in price levels. Even if it should make for increased output, it provides the opportunity for monopolistic production, which leads to administered rather than to wholly competitive prices.

Under such conditions the large producer during a cyclical decline merely holds approximately to his old price levels, and curtails production, thereby increasing unemployment, and diminishing purchasing power. This places the small producer under a severe handicap, if it does not force him out of business; for he must sell his products purely on a competitive basis when decreased purchasing power forces him to reduce his selling price, and at the same time reduces his ability to purchase administered price goods that go into his production.

Organized labor, of course, contends that unemployment can be prevented by the payment of higher wages, since purchasing power is thereby increased and greater production made necessary. If the present disparity in wage levels could be remedied, and an increase in wages be made to apply uniformly to all classes of wage earners this theory would hold water to the extent that such increase could be absorbed in production costs without raising price levels. Beyond that point wage increases would fail to increase purchasing power, or reduce unemployment for with every increase in wages a corresponding increase in prices would follow.

On the other hand, if it be assumed that the principle of labor organization is sound for one group it must be admitted that it is good for all groups. If that principle be carried to its logical conclusion and the strength of all labor be used to force wages up as high as its bargaining power would permit it, would only create a vicious circle in which every increase in wages would necessitate a raise in the price structure. Purchasing power, therefore, would be no greater at high than at low wage levels.

It should be patent to all that such an increase in wages would make competition in world markets impossible, and such competition is necessary because of our increasing productive capacity. It would force a reduction in output, and an increase in unemployment without placing the wage earner in any better position than he occupied at a lower wage level.

On the other hand, if lowering real wages could increase production, and thereby employment, the same result could be achieved through a monetary policy which raises prices; but, according to prominent economists, the supply curve of labor is not a function of real but of money wages, and such monetary manipulations are calculated to frighten business enterprise and discourage capital. This introduces the question of whether and to what extent government should undertake to control wages and prices. For it must be admitted that with the decay of the laissez-faire economy some wage-price control must be substituted for the unbridled power of organized labor to raise wages on the one hand and the monopolistic rule of the large-scale producer on the other, before there can be a proper relation between wages and purchasing power.

Granting that increased purchasing power is the remedy for unemployment, the two questions which demand the prompt consideration of government and economic experts are (1) Shall organized labor be allowed to enforce its demands for higher and higher wages, with no corresponding relief for the 40 million unorganized workers? (2) Shall larger producers be permitted to market their products under an administered price policy which enables them to hold prices up regardless of reduced production costs, while the small producer must sell his products on a competitive basis when his own purchasing power is reduced through administered price controls?

These are not questions for the layman or the amateur, but the very fact that there is disagreement among leading economists, and between economists and organized labor as to the effect of wages and prices on unemployment points them up as the No. 1 and 2 problems of our postwar economy.

It is apparent, however, even to a layman, that you can't raise the income of 10 percent of the population to the point of increasing living costs without reducing the purchasing power of the other 90 percent of the population, which in turn means reduced production and increased unemployment. It is like-

wise apparent that an administered price control that maintains high price levels with a lowering of real wages will produce the same result, and that these two factors working together contain the potentialities of disaster for both industry and labor.

SILAS F. CAMPBELL.

Unemployment Compensation Progress—By the States

Critics of the federal-state program of unemployment compensation generally claim that the individual states have not done enough to broaden the provisions of their laws so that the protection offered workers through this insurance system kept pace with the times. This is the basis for various bills introduced into Congress, from time to time, with the approval, if not at the instigation of officials of the Federal Government, aiming to liberalize the program and make it nationally uniform.

However, unemployment is a local community problem even more than it is a national one. The worker's job is localized, and any national unemployment problem cannot be solved unless regular employment is provided in the home communities. This is the nub of the demand for public employment services geared to operate in local situations.

Let's examine the record.

The Social Security Act of 1935 did not set up the state system of unemployment insurance, although it was designed to assist the states to provide their own systems in conformity with certain minimum standards. These levels, as suggested by the Social Security Board included: (1) coverage of employers of eight or more workers; (2) a maximum weekly benefit of $15; and (3) a maximum duration of payments of not less than 12 weeks.

Starting from there, the states began immediately to write their laws upward. Many of the original state laws were broader than conformity required. Successive legislatures have continually liberalized the state programs of unemployment compensation in response to their local publics. At the close of 1945 legislative sessions the over-all picture is very different from that ten years ago. It looks like this:

COVERAGE

Of 51 state laws (inclusive of Hawaii and the District of Columbia), or more than half now apply to workers for smaller establishments than those having eight or more employees. In 16 states, the coverage is all-inclusive, and workers for employers or one or more have unemployment insurance protection.

WEEKLY BENEFIT AMOUNT

At the present time over 50 percent of the states (27 out of 51) pay a maximum weekly benefit of $20 or more; 11 states have an $18 weekly maximum:—whereas originally only three states paid more than $15 per week and their top figure was $16.

A significant aspect of these liberalized benefits is that the 27 states paying a maximum of $20 or more contain more than 77.5 percent of all covered workers. Over 90 percent of all insured workers are in the 38 states where a weekly maximum of $18 or more applies.

BENEFIT DURATION

32 states now provide for the payment of benefits up to 20 weeks or more, when the unemployed worker does not find a job sooner. These 32 states have over 79 percent of all covered workers.

NORTH CAROLINA

This state is grouped with the liberals in respect to providing a maximum weekly benefit payment of $20, but it lags behind the majority in coverage by size of firm (still eight or more) as to the duration of payments (16 weeks only).

The larger states, with the more liberal unemployment compensation laws, generally had the greatest concentration of war-production contracts and workers. Therefore, the more liberal state provisions apply to even larger percentages of workers displaced following the end of the war than has been indicated above.

After a review of what the states, as a whole, have done to improve the unemployment compensation program, the arguments in favor of federalizing the system as a prerequisite to liberalizing it, grow dim. The same groups who favor outright federalization have suggested also, the enactment of federal supplementary funds. Under any such plan, the effect would be to coerce state legislatures and state administrators into acceptance of the views of federal officials.

The imposition of federal standards could retard future state action in further strengthening their own laws; a direction in which they have made commendable progress in the past few years.

As an example of state pioneering in the field of extending insurance protection to another type of unemployment than that which results from economic disruption, there is the Rhode Island Cash Sickness Compensation Act. Under this act, a trust fund has been established from contributions by workers. The Unemployment Compensation Board which administers it, pays benefits to workers, according to the same schedule in effect for unemployment compensation, but when the reason for the unemployment and loss of wages is temporary sickness or disability. Many other states have, and are debating similar action.

A million casualties on battle fronts; thirty-six million casualties on the home front. Such is the National Safety Council's report of our country's human tragedies between Pearl Harbor Day and V-J Day. Of our total war casualties, the record shows 261,608 killed; the home front accident score lists 355,000 killed.

Veterans Create an Airline

By E. Carl Sink

A bunch of the boys were talking it up in the ready room of Consolidated-Vultee's test pilot's barracks. The times between tests were getting longer and longer; the war was obviously coming to a close. It was high time to talk of many things; of how, for example to make a living.

They all agreed that staying in the air was proper, and, possibly, as profitable as other things a man could do. When the talk got around to details, then the boys split up into groups. There were four from North Carolina, the Teague brothers, the fellow Fly who's gotten into Ripley with his name and his job, and Harris, big, rawboned, a wizard at the controls.

Earl Teague was for setting up an airline in his home state, but all were dubious that the residue of war wages would get the line going. Their arguments came to a focus with the name of another North Stater, R. B. Babbington, Jr., of Gastonia, insurance man and organizer, who agreed to look into the possibilities.

He looked, and the boys got ready to go into business as Southeast Airlines, Inc. First, they went to the Army Surplus Board and got lined up on flying equipment, which turned out to be scouter Cessnas which could be converted readily into cabin cruisers, and had engines hardly more than broken in by Army service. The war wages went in a hurry, for airplanes come high at any time, but they figured they were better off than the average guy, some of whom hadn't even salvaged their own lives from the war effort.

Next job was the converting of the ships into five-place, four passenger transports which would not only come within regulations as safe flying vehicles but also furnish a maximum of comfort to passengers. This was really a job for gentlemen who had left such menial labor to the ground crews, but they pitched in, and ended up with two good jobs, with never a tremor in the cords nor a vibration in the engines. With these they established the two-a-day, criss-cross schedules which uncover all of North Carolina in a day, and get you back home by bedtime.

The routes were flown, the airports landed on and found safe, before the schedules ever saw print. That's the way the boys planned it; they had the Army idea of doing a thing right.

Three weeks and 26,000 flying miles after the first ship went up on the first flight, the boys and SEA were ready for the post-war world.

This writer, with a handy cameraman in the co-pilot seat, climbed aboard on an October Tuesday and headed East into a rising sun. Within an hour, he was at the coast, at Carolina Beach, 150 miles from Raleigh. Within minutes, in which he could have had a dip or thrown 20 casts into the booming surf, the schedule called for the trip back, and he was at his desk again at 10:20, one hour and twenty minutes from desk to desk. But that wasn't all.

Not all, by a big margin, for the next leg and the same ship took him over twenty towns (and they are big towns, rich towns) straight through the heart of the Piedmont, Raleigh to Durham to Greensboro to Winston-Salem to Charlotte. But there's something else. That last leg of the flight took out from Charlotte and winged right straight into the mountains of western North Carolina. It was a thrill ride from end to end, although the plane, flying on stabilizer controls, moved steadily forward and up. The ground below erupted into little mountains, big mountains, and then monstrosities, which, even from above, looked like stairs to Heaven. It is the grandest sight-seeing in America, those mountains of Carolina. Which is not bad from the viewpoint of the boys of the Test Pilot Line.

For they have the best scenery in America to see from an angle not yet covered, and they have short hauls through the richest industrial section of the

They reconverted. While America talked of an airborne world, R. B. Babbington, Jr., and U. L. Fly, shown here, and associates started a strictly North Carolina airline.

The gigantic plant of Cannon Mills is a sight worth seeing from the air at Kannapolis.
(Photos by State News Bureau)

Southeast. They have, too, arrangements with airports whereby radio tells a plane overhead if passenger business is there, which means smaller port bills, since the business is arranged on a basis of rent for landings made. These are important things, because you don't start an airline on a shoestring. Comparatively, you start an airline on strings, shoes, suit, hat and an allowance for about eight pairs of extra drawers.

But, definitely, the air world has come to North Carolina with the Test Pilot's Line. The boys have put it on the line. What will happen may be a hint as to the fate of air enthusiasms in the brave new world.

Vocational Training for World War Veterans

By J. Warren Smith, Secretary, State Veteran's Education Committee

The problem of veteran's education is one of the most important of our postwar projects. Our government by congressional acts has made ample provision for additional education or training varied enough to be suitable for all veterans who are eligible and will ask for assistance. Provision for this education is made possible by two laws. Public Law #16 provides education and training of war service connected handicapped veterans, and Public Law #346 makes provisions for education and training for veterans without physical handicap. The latter law is commonly referred to as the G.I.Bill of Rights.

This article will be limited to the below college level vocational training of veterans or for those for which the principal need is for educational opportunities of less than collegiate type. By data secured from those now returned, we know that the group who want vocational training will be much larger than the group who will want college education. Very little attention has been given to the vocational group by the writers of the articles that have appeared in our periodicals. Therefore, the public seems to have a much clearer conception of the provisions and the mechanics of securing education as provided by colleges. For those eligible it is important that young men who had their plans interrupted by the war take advantage of the opportunity afforded them to complete their college education; however, for those not eligible for college, every effort should be made to furnish for them a type of education best suited to their needs. For many this will be school vocational training or on-the-job training furnished by industry.

HOW MANY TO BE TRAINED

For all types of military service men and women, white and Negro, 350,000 persons have been inducted into service from North Carolina; 82%, or 287,000, will return to North Carolina. According to estimates made by E. V. Hollis from the U. S. Office of Education, 3½ million of the 15 million inducted from the United States (at that time) would want some form of education. Two-thirds of this number, or 2⅓ million, will want some form of vocational training. By applying the same ratio to the number returning in North Carolina, we will be faced with the problem of providing some form of vocational training to 45,000 returned veterans. More recent data than that furnished by Dr. Hollis has proved that his estimates were too high, however, we do know that our problem is too large for the facilities we have to furnish the training.

PHYSICALLY HANDICAPPED VETERANS

Ample provision for education or training of the service-connected physically handicapped veteran has been made by Public Law #16. The personnel of the Veteran's Administration are responsible for carrying out the provisions of this law. Every effort must be made to make possible for a veteran who, because of his disability, cannot continue in his former occupation, to be trained in a new occupation equivalent in rank and earnings to his former job.

The matter of hospitalization or physical restoration for the veteran needing this type of service is taken care of by the government before his release to civilian status. After eligibility for training has been established the veteran is referred to a counseling bureau for guidance. At this time the veteran's bureau has four bureaus well staffed with experts. The four centers are Chapel Hill, Fayetteville, Salisbury and Asheville. By special tests and counseling an intelligent approach is made to the selection of a new occupation. After the selection has been made a veteran's training supervisor places the veteran in a training situation. These supervisors complete all the necessary arrangements, including an agreement or contract with the training agency. For this public law, prior approval by the State Veteran's Education Committee is not necessary.

Veterans of World War II with handicaps may be served by the Department of Vocational Rehabilitation, operated by the State Department of Public Instruction. Although the vocational rehabilitation of civilians and veterans are provided for in separate acts, veterans may be accepted in the civilian program, either because the Veterans Administration may judge that the disability is not a service-connected one and therefore not covered by Public Law #16, or if the veteran wants to elect voluntarily to be served by the civilian program. The main point for the veteran to know is that our government has provided amply for his welfare. He should be encouraged to avail himself of the opportunities that are his.

REGULATIONS FOR EDUCATION OR TRAINING OF VETERANS—PUBLIC LAW 346

For regulations concerning education or training of veterans, I am inserting a quotation from Colonel Hines.[1] This statement is easier to interpret than the law itself.

"The Administrator of Veterans' Affairs stated on

[1] 60 *Monthly Labor Review* 1222 (June 1945).

January 18, 1945, that under the Servicemen's Readjustment Act of 1944, any veteran of World War II is entitled to education or training (or a refresher or retraining course) in an approved educational or training institution for a period of 1 year, or for such lesser time as may be required for the course of instruction chosen by him. To qualify for such education or training, the applicant must have (1) been in active service on or after September 16, 1940, and prior to the termination of the present war, (2) been discharged or released "under conditions other than dishonorable," (3) served 90 days or more, exclusive of assigned education or training periods or (if less than 90 days' service) been released from actual service by reason of a service-incurred injury or disability, and (4) must make application for and initiate the course of education or training within two years following discharge or release from active service, or from the date of termination of the war, whichever is later.

Eligibility for Education or Training Beyond One Year.—In order to be entitled to education or training other than a refresher or retraining course beyond one year, satisfactory completion of such course according to regularly prescribed standards and practices of the institution is required.

Further it must be shown that the person's education or training was impeded, delayed, interrupted, or interfered with by reason of his entrance into service. Such conditions are assumed as existing in the case of the person who was not more than 25 years of age at the time he entered active service (or September 16, 1940, whichever is the later) but must be proved by persons over 25 years of age at the time above specified.

Veteran learning to be auto mechanic by on-the-job method.

Payment of Expenses of Veterans.—The regulations issued by the Administrator make provision for subsistence allowance and the payment of authorized expenses incurred by the veteran in his education or training under the Servicemen's Readjustment Act of 1944. Under this measure, expenses of the veteran—if he is in an educational institution—that will be defrayed by the Government include the "customary cost of tuition, laboratory, library, health, infirmary, and other similar fees as are customarily charged, and other necessary expenses * * * as are generally required for the successful pursuit and completion by other students in the institution * * * or those charges which have been approved by the Administrator of Veterans' Affairs. Board, lodging, and other living expenses and travel are not to be included." The Government also meets the charges for "books, supplies, equipment, and other necessary expenses customarily incurred for or by any student."

If the eligible discharged serviceman selects some type of institution other than one of an educational character, expenses defrayed by the Government include "the charges for supplies, and other necessary equipment customarily furnished other persons being trained by the establishment in the given trade or position."

Full-time subsistence allowances are $50.00 per month for men without dependents, and $75.00 per month for those having dependents. If the veteran is not taking a full-time course, subsistence is measured in fractions of three-fourths, one-half, and one-fourth of the above amount according to the fraction that his course is of a full course. No such allowance is to be paid when the payment is barred because the veteran is engaged in full-time gainful employment in a part of his course of education or training.

When the veteran is receiving compensation for productive labor performed as part of his apprenticeship or other training on the job, the amount of subsistence plus his current monthly salary or wage (based on the standard workweek exclusive of overtime) shall not exceed the standard beginning salary or wage (similarly based) payable to a journeyman in the trade or occupation in which training is being given."

From the above quotation we offer the following interpretations:

1. Refresher or retraining courses which may be apprenticeship or on-the-job training, are open to any honorably discharged veterans with the required period of active service on request.

2. Veterans older than 25 at time of induction must prove training was interrupted in order to be eligible for more than one year of training.

3. Veterans entering upon on-the-job training requiring less than a year to reach their objective are eligible for subsistence for only the length of the training period.

4. Veterans who were under 25 years of age at the time of induction may serve a full apprenticeship if they are making satisfactory progress at the end

of first year and have a service record long enough to be eligible for the full period of apprenticeship.

5. Veterans in training by apprenticeship or on-the-job training plan are eligible to be furnished by the veterans administration supplies and other necessary hand tools customarily furnished to other persons being trained in peacetime.

6. It is up to the veteran, he must make his own application for the type of education or training he desires.

SCHOOL OR BUSINESS APPROVED FOR TRAINING

The matter of approving schools or other institutions for training rests with the different states. Governor Broughton designated the State Department of Public Instruction as the approval agency. Dr. Erwin appointed from this department a committee of six, known as State Veterans' Education Committee. The committee members are: Dr. James E. Hillman, Chairman; J. Warren Smith, Secretary; Dr. J. Henry Highsmith; Dr. N. C. Newbold; Charles H. Warren; and C. L. Beddingfield.

This committee is charged with the responsibility of deciding whether or not a school or other institution should be approved to participate in the veteran's educational program. This applies to colleges (public or private), business schools, trade or technical schools (public or private), and other institutions such as banks, stores, manufacturing companies, garages, business or industrial concerns.

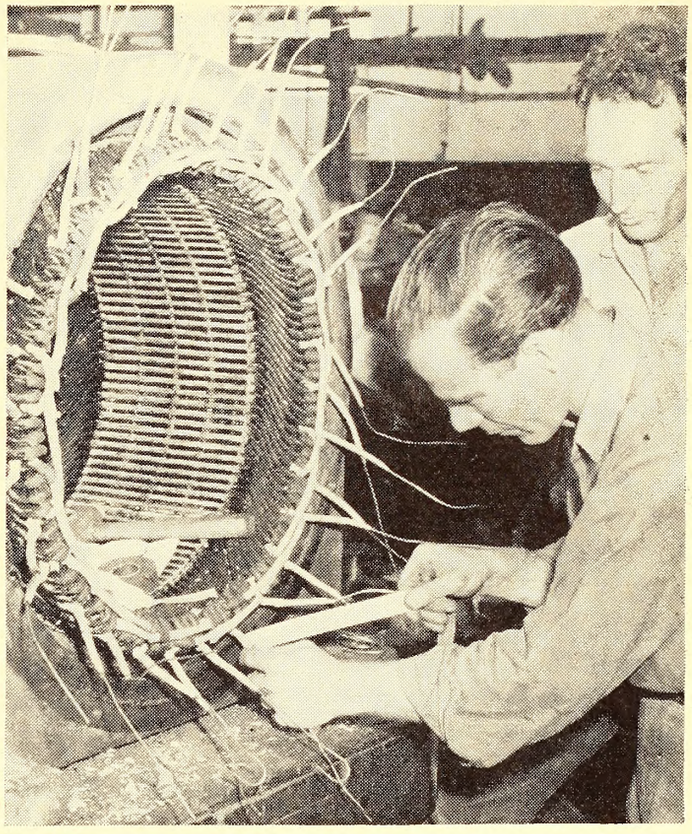
A school or business seeking approval must file an application and include a written plan of training; after the application and plan of training has been received a member of the committee makes a personal inspection of the plant, then for final action each application is reviewed by the whole committee. If approval is given, the company or school and the Veterans' Administration are notified.

This committee feels keenly the responsibility of trying to be certain that the money involved will be spent wisely and that the veteran will receive an equitable return for his time and effort. The committee knows that it must be on the alert for applications from private schools designed to make excessive profit without rendering adequate service to the veteran, and for industries who are not sincere about training.

To date nearly all of our A grade colleges, a large number of business schools, several private trade schools, and several hundred industrial establishments have been approved for training.

As the need becomes more urgent special vocational public school shops will be operated for veterans to provide short intensive training programs in subjects such as electric motor repair, radio and electric appliance repair, general welding, machine shop practice, automobile mechanics and drafting.

Since the offerings in our public schools are limited and we do not have any State Trade Schools or private vocational or technical schools, it is important that we make optimum use of the on-the-job or apprenticeship plan. By this plan, the number of our places of training is limited only to the fitness of the place and the willingness of the personnel of the industry to cooperate.



Veteran learning to be motor repair mechanic by on-the-job method.

APPRENTICESHIP OR ON-THE-JOB TRAINING

If well organized, the apprenticeship or on-the-job plan affords the best possible method to learn a trade. For many of the skilled trades and all of the semi-skilled occupations there is not any better place to learn the necessary skills than on the job in the industry. By this method the veteran will be learning under actual working conditions in the environment of the trade itself. He will be instructed on real jobs, jobs that must be finished well enough to be accepted by the trade. He will have as instructors men accepted as skilled craftsmen and considered expert. These instructors, because of their positions in the commercial trade, will be up-to-date in the newest developments and practical working knowledge of the trade. The veteran will have the advantage of learning in a shop well equipped with up-to-date machinery and tools, and the necessary supplies.

The veteran, in addition to the skills, must learn to work with others, and learn the rules of industry, proper work habits and attitudes—these too can best be learned in industry itself.

SUPPLEMENTARY TRAINING

On-the-job training should be supplemented by organized class instruction. The complete learning of a job includes manipulative skills, science, drawing, math, industrial knowledge, safety and morale. The manipulative features are learned easiest on the job. All other features can also be learned that

way; however, the learning process can be speeded up by organized class instruction. This is particularly true for the related technical information. For example, the theory of the operation of a carburetor, what makes a battery charge, or what makes a motor run. For any group of veterans learning by on-the-job method, the local school administrator, with the assistance and cooperation of the Department of Industrial Education of the State Department of Public Instruction, will organize and operate, free of charge, supplementary classes for any industrial trade.

DIFFERENCE BETWEEN JOB AND TRAINING

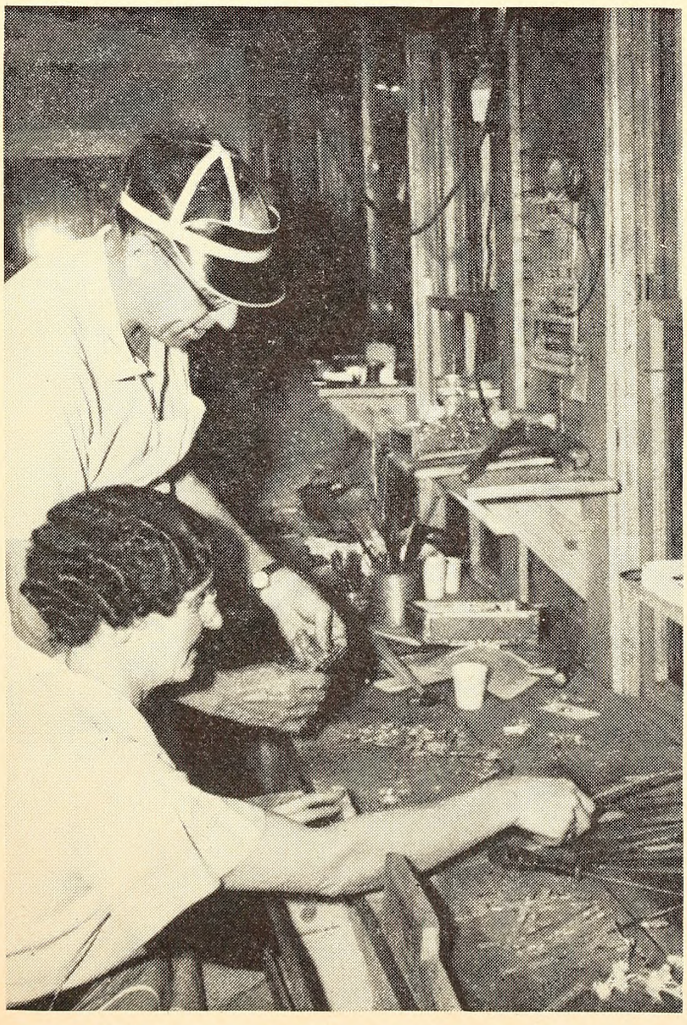
There is a difference between having a work job in industry and being in training, and a large number of industries make little effort at organized training. The worker in an industry that gives little attention to training after acquiring an initial skill is too often kept performing this operation for an indefinite length of time, thus he is denied the opportunity to learn the various operations necessary to his trade. It is the responsibility of the committee mentioned above to determine whether it is training or just a job the veteran will be getting if the place of business is approved.

Training of veterans by on-the-job method will be most apt to be successful if the following conditions are met:

1. The company personnel is sincere in its desire to really *train* veterans.
2. A written statement of the training plan has been prepared and all parties concerned with training understand and agree to it.
3. The written statement includes a schedule of the operations to be learned, with the approximate amount of time necessary for learning each step.
4. There is a schedule of pay with regular increases as the learner progresses.
5. An attempt will be made to select veterans with aptitude and interest for the different trades to be learned.
6. Skilled men with instructional ability will be designated as instructors. It will be the duty of these instructors to guide these veterans in their learning. They should by telling how and by demonstration make learning easy for these veterans.

Managers of industry in North Carolina can, if they will, make it possible for a large number of veterans to get excellent training in the trade of their choice. Let's give those men the opportunity they so justly deserve.

THE DOGWOOD FOR LUCK



Turned a Handcraft Into a Business. Stuart Nye, Asheville War I Veteran, shown instructing an employee. Working out simple jewelry designs, he teaches women to do the production.

Veterans of World War II who are wondering how to recognize Dame Opportunity when they take up civilian pursuits might be interested in the experience of Stuart Nye, veteran of World War I.

Lady Luck wears various visages, but she appeared to Nye, at that time a patient in the veterans hospital at Oteen, as a disgruntled hobbyist figuratively wearing a dogwood blossom. This improbable combination threw Nye into a silversmithing business which has risen from a $500 per year gross enterprise into a thriving business with an annual payroll alone of over $30,000.

Nye, while convalescing, had dabbled indifferently with woodworking, and then one day a fellow-patient, leaving the place, offered to sell him his metal-working tools. Nye reluctantly bought the stuff, and began tinkering with silver, later launching his novelty-jewelry business.

He did only moderately well until one day he fashioned his first dogwood blossom. Instantly, the new design caught on, and every week since then the business has steadily increased. Pins, rings, bracelets and other ornaments featuring the delicate petals became and continue a fad. Nye also worked out pine cones, pansies and other designs, and today his products are sold in every state and in many foreign countries.

Nye, a pleasant, placid person, says he is as surprised as anyone at the success of his business. He scoffs at the notion that he is a creative genius. "I made a discovery," he says. "Or rather, just invented an idea. There's nothing to it—everybody's making dogwood now."

Nevertheless, Nye's designs are widely sought under his name and he seems not to have suffered from competition. His production formula has been

Starting alone a few years ago, Nye now employs 30 girls who are kept busy trying to meet demands for the silver ornaments. All his employees learn the trade in the shop and Nye insists it's "simple". (Photos by State News Bureau)

unchanged from the beginning. He produces only pieces from his own original designs, and he refuses to speed up production by introduction of machinery. Each piece must be cut, filed, finished by hand.

Housed in a bright little workshop in his backyard, his workers are mostly young girls, all of them trained in the shop itself. "It's easy," Nye insists casually. "A girl starts some simple operation, like filing, and soon picks it up. Of course, some are better than others."

As to the magical properties of dogwood which he firmly believes started him on success, he has no particular theory. "It's pretty," he says simply.

A BANKER APPRAISES THE SOUTH

(By Robert M. Hanes, of Winston-Salem, N. C., president of the Reserve City Bankers Association, extracts from an address before a meeting of business executives in New York.)

No region in the nation has had such a wide divergence of interpretation as has the South.

It has been called America's economic problem No. 1. In film and fiction it has been depicted as an area inhabited by barefoot, pellagra ridden share croppers, a land eroded by one crop farming, a section where low wages and sub-standard educational and living conditions prevail.

Other interpreters of the South ignore its handicaps and picture it as a land of golden promise with a rich and easy harvest. They wax eloquent against a background of mint juleps, soft flowing streams and Stephen Foster sentiment. They, too, lack a sense of realism.

I shall attempt here to evaluate, in terms of business outlook, the South's problems and its opportunities; in other words, to make a banker's appraisal of the South.

On the credit side, the South has an abundant supply of many raw materials—cotton, tobacco, timber, petroleum, coal, iron, natural gas, minerals, naval stores, and a wide variety of other products.

Of the country's total production, the South accounts for 95% of the cotton, 90% of the tobacco, 75% of the natural gas, 60% of the crude petroleum, 50% of the bituminous coal, 40% of the lumber, and 12% of the iron ore.

Turning these raw materials into finished products has been the basis of the South's industrial progress for decades.

While at times this progress may have seemed somewhat slow, when we review the gains over a period of years the figures provide some sense of satisfaction. At the turn of the century in 1900, total industrial production in the South was valued at $1,564,000,000. For 1939, the last year for which data from the Bureau of Census are available, this figure had increased to $11,190,000,000, a gain slightly in excess of 700%. During the same period, the national gain was 400%, while states outside the South increased 366%.

Today, 80% of the active cotton spindles are in Southern mills and we manufacture 90% of the nation's tobacco products.

Electric power development in the South has contributed substantially to its industrial growth. In 1943, we produced 26% of all the electric power output in the country, including both water power and power from fuels.

In 1943 the South accounted for 40% of the national farm crop income.

In 1900 the South's cotton crop brought $370,000,000; in 1943, $1,322,000,000. Our tobacco crop of 1900 sold for $40,000,000; in 1943, $514,000.000.

Of special significance is the South's financial progress. In 1910 the banking resources of this region were only $3,275,000,000; today they are more than $23,000,000,000. Savings deposits in the same period have increased from $575,000,000 to $3,500,000,000. Life insurance in force increased from 3½ billions to more than 30 billions.

One of the South's leading natural advantages is its climate. It is a land of mild temperatures, relatively free from extremes of heat and cold, with ample rainfall and an abundance of sunshine throughout the year. This provides a long growing season for agriculture and attracts workers and others who seek relief from the rigors of harsher climates in other regions.

The South's white population is composed largely of native-born stock, direct descendants of the early independent, pioneer settlers, almost wholly pure Anglo-Saxon.

It is a homogenous population. It is predominately rural and therefore possesses those inbred characteristics of stability and resourcefulness so valuable in the development of industrial enterprises. Although not highly skilled, it has been conclusively demonstrated that Southern labor can readily be taught skilled trades.

Our people are not crowded together in large cities, but scattered in smaller cities and towns

where living and working conditions are more attractive. The South has few metropolitan cities; it has thousands of small towns whose people are supported partly by industry and trade, and partly by agriculture. This pattern fits perfectly into the current trend of dispersal of large industries.

The South has excellent transportation facilities. Today 81,473 miles of railway lines crisscross the Southern states. We pioneered in the development of concrete highways, and now approximately 350,000 miles of modern highways spread throughout the South. Twenty-one airlines serve this region and supply direct connections with other routes throughout the nation and overseas. Through our excellent ports and harbors and our inland waterways flows a steady stream of domestic and foreign commerce.

Now let's look at the debit side—some of the South's problems and needs.

We have relied too much on one crop—cotton—in our agriculture and have not had sufficient diversification in industry. Too much reliance on the growing of cotton and tobacco and the processing of these raw materials has made us too vulnerable to sudden market changes affecting these products. The result has been that farmers in normal times have had to sell much of their cotton and tobacco in an unprotected world market and buy much of their food, machinery and clothing in a well protected domestic market.

The freight rate structure, which for many years favored producers in the East at the expense of Southern producers and shippers, has undoubtedly greatly retarded the South's development.

Nothing has happened in the past 50 years of such tremendous significance as the recent decision of the Interstate Commerce Commission to correct those freight rate inequities. The beneficial results will not appear immediately, but in the next five to ten years this change in freight rates will greatly stimulate Southern progress.

It will mean that the nation's great distributing and merchandising companies will establish more distribution centers throughout the South, and finished products from Southern plants will move to markets throughout the nation on an equal basis with products from other sections of the country. The trend towards the South, which has been evident now for some years, will be greatly accelerated by this momentous decision.

The South has not produced enough foodstuffs and clothing to supply the needs of its own region, thus necessitating the more expensive procedure of bringing in these basic supplies from distant sources.

If the South is to provide a broader market for its own products, it must continue to raise the average per capita income of its people.

To meet the challenge of the future, I believe we shall need more business and industrial leadership, constantly improving management, to help develop our resources and opportunities.

We also need many more technically trained men. We have produced our share of leaders and technicians, but many of them were so good that they were lured away to responsible positions in other sections of the country. We must provide full opportunity for our own young men and also import leadership from other sections to broaden our business viewpoint and add new types of experience.

These are some of our problems and needs. There are others, but I believe that most of them are related to these main points.

Recently there have been unmistakable trends and developments which give an entirely new color to the picture of the South, factors which can greatly accelerate its progress.

The impact of war upon the South is of particular significance.

In the four years ending June 30, 1944, $5,187,000,000 had been spent in Southern states for war production facilities alone—plants, shipyards, tools, etc. This does not include other billions spent for airports, camps, and purely military installations.

WAR CONTRACTS

During the same period war supply contracts awarded in the South totaled $25,532,402,000. They included ships, plans, guns, shells, ammunition, explosives, high-octane gasoline, textiles, synthetic rubber, food, paper and pulp, steel, aluminum and cement, to name some of the more important items.

There has been a substantial accumulation of reserves, savings, and war bonds by industry, business and individuals throughout the South.

The intensified need for foods and raw materials has forced improved methods, diversification and intensive cultivation in agriculture.

Farm mortgage debt has been greatly reduced, the use of more farm machinery has been stimulated and the farmer has been obliged to learn new techniques and better farm management.

Farming in the South is rapidly getting away from the one cash crop system and in the future we shall produce more of our own foodstuffs, especially poultry, eggs and a wide variety of dairy products.

The war production program has brought new and diversified industry to the South, developing a large supply of skilled labor. This has been one of our great needs—the training of labor in high precision work.

In the textile field the South once had the reputation for producing largely coarse goods and low quality products. This picture has changed materially in recent years as many refinements and improvements have been made in our textile industry. For example, we have one producer in North Carolina making fine combed yarn with counts as high as 160, which is probably the finest yarn made in this country.

Many of our mills are already placing orders for improved machinery and equipment when available.

There is a substantial program now under way for the expansion and improvement of rayon weaving facilities and the enlargement and refinement of spun rayon production. There is also taking place

an expansion of woolen yarn and woolen fabric production.

In furniture manufacturing we have many plants turning out high quality furniture products, and we have demonstrated that these products will compete in durability and appearance with high grade furniture made in any other section of the country.

The paper and pulp industry is moving South where it has been attracted by huge supplies of raw materials and favorable working conditions. In 1943 we produced 47% of the nation's wood pulp and 26% of its paper and paperboard. While much of this production is in the coarser paper goods made from our pine forests, other types of paper mills are being developed in the South. We have a notable example of this in the Ecusta Paper Corporation in North Carolina which now supplies nearly all of the cigarette paper for the nation and in addition makes high grade writing papers.

There has been a tremendous shifting of the hosiery industry to the South. In the past 10 or 15 years many plants from the middle Atlantic belt have moved into the South, and there has been a dramatic development of new plants within the area, many of which started with two to five knitting machines.

The South is rapidly overcoming its handicap in education, research and technical training. For example, in 1910 the South spent $80,000,000 for public schools. In 1943 it spent $511,000,000. There is much yet to be accomplished, but we are making rapid progress in raising our educational standards.

Of special interest to industry is the establishment of excellent facilities for the technical training of young men to operate and manage industrial plants. There are now being established at the North Carolina State College of Agriculture and Engineering, three foundations—the Textile, the Dairy and the Agricultural Foundations—Which will do much to broaden our technical training.

In the field of research we are also making outstanding progress.

There will be ample bank credit available to meet all sound industrial credit needs in the South during the reconversion period. We have in recent years developed many sizeable regional banks which work closely with local community banks, thus providing, through correspondent relationships, a combination of financial resources adequate for all needs.

As a special aid to small business, credit groups are being formed throughout the country under the leadership of the American Bankers Association. The combined credit being offered by groups already formed in the South totals over $250,000,000 and the amount is being continually increased.

Summarizing this appraisal, the South has made great progress. We still have far to go to equal the economic attainments of some other regions, but I venture to predict that the *rate of progress* in the South during the next decade will equal or surpass that of any other section. I, therefore, leave with you the slogan of one of our great southern railroads, "Look Ahead—Look South!"

U. C. C. CHIEF LOOKS TO NORTH CAROLINA'S FUTURE

A newspaper man asked me not so long ago what was going to happen in North Carolina during reconversion. I answered that in so far as North Carolina's textile, tobacco, hosiery and furniture industries are concerned, any displacement of labor would be temporary and that steady employment over a long period of time is fairly certain. Reconversion to goods for civilian use, of which there is a distressing shortage throughout the world, will take only a few days for our textile plants. Tobacco, furniture and wood-working plants generally have no problems at all. If the old world can be kept on an even keel, North Carolina will be all right.

In the matter of establishments that may be classified as 100 percent war plants, we experienced the effects of mass lay-offs. About 16,000 people were laid off in North Carolina after the announcement of the end of the Japanese War. Most of these people have found jobs among us somewhere, and it is my hope that North Carolina industry can absorb the rest of them.

But as has been pointed out, industry should not be called upon to absorb all ex-war workers, including boys and girls of high school age; housewives who had never worked before and should now go back to home-making and many older workers who were called back to machine and work bench for the emergency and who should now take retirement.

In every community where one of the war plants mushroomed into vast proportions over-night and collapsed just as suddenly, there is considerable fear and uncertainty. In over a dozen North Carolina communities great factories, filled with expensive machinery, stand idle. There is no sign of life around them, except for passing watchmen or caretakers. One of the biggest of these plants, with over 7,000 workers a few weeks ago, has three people in the office, three watchmen and six mechanics.

What to do with these great plants is a problem. Left vacant, everybody knows what will happen. In a year, stones from the hands and sling-shots of boys will have smashed most of the windows and the fine buildings will be the haunts of rats and bats.

It seems to me that our Department of Conservation and Development and our State Planning Board ought to be thinking and planning to make use of these buildings and of as much of their machinery as can be used for peace-time production.

I think we should encourage the establishment of small shops, manufacturing the tools and gadgets that North Carolina buys in such huge quantities. One of these huge war plants might easily be converted into 20 or more such small establishments, all offering gainful employment to skilled mechanics and profitable enterprises for men of business and executive ability.

Let's not wait for "Big Business" from the outside to come in and take over these big plants. Let's take them over ourselves for the establishment of a vast number of small industries so badly needed right now.

A. L. FLETCHER.

THE TRAVEL INDUSTRY

Before the war, travel ranked high among the major industries of the United States. The vacation and business travel dollar had become an important factor in state and national economy. But the travel industry became a war casualty, with the many restrictions that were necessary. However, vacation travel is now due for a boom. In fact this has already started, with more people planning to go farther afield, to spend more money and to take more time, or more frequent vacation and business trips.

To arrive at some measure of the relative importance of the travel industry to North Carolina, one has to refer to pre-war figures. Looking back to the year 1938, it appears that tourist travel in North Carolina yielded $64,350,000, according to a National Park Service report. This is a dollar crop of more than $5,000,000 a month—double the value of the cotton crop and over one-third the value of the tobacco crop.

Everyone in North Carolina benefited from this money as it went into immediate circulation through filling stations, restaurants, hotels, tourist homes, merchants, and other trade channels. If such a sum as $64 millions could have been set aside in a special fund, it would have operated the schools in the state for more than two years. There would have been more than enough to operate all state governmental activities, including schools, institutions and departments for one year and still leave a balance of $25 millions.

The accepted standard for estimating tourist travel showed that at least 1,750,000 persons spent an average of $6.00 per day in North Carolina in 1939. Supposing one-half of this was spent at buying at retail, a conservative estimate, approximately $1,000,000 went into the state general fund from sales taxes alone.

Immediately prior to the war, the state's travel industry was increasing rapidly. This is evidenced by the fact that in 1941, there was an increase in gasoline tax revenue of 39.8 percent, over the year 1937, although the national increase in gasoline consumption during the same period was listed as 14.6 percent. North Carolina collected $8,655,696 more in gasoline taxes in 1941 than it did in 1937. The difference between what the state would have collected on a national average and what it actually netted—nearly $6,000,000—must be credited to the larger increase in travel in North Carolina.

Similar indicators are found in the increase in non-resident hunting and fishing licenses, and in the recorded number of visitors to national park and forest areas. Between 1937 and 1941, out-of-state hunting and fishing licenses rose 85 percent. In 1937 there were 727,243 visitors to the Great Smoky Mountains National Park, but in 1941 there were 1,247,919; while visitors to the Pisgah and Nantahala Forests increased 600 and 280 percent respectively.

HOTELS

In spite of the war's restrictions on travel generally, the state's hotel business did not suffer materially during the war. Many of the larger resort hotels were taken over and operated by the Federal Government for the quartering of military and diplomatic personnel; and a relatively small number of the seasonal resorts located in out of the way places were forced to close. Most of the hotels in North Carolina, however, have been crowded to capacity throughout the war years. With the large number of Army and Marine camps located in the state, servicemen on furlough and their visiting families more than filled available accommodations. Most communities, in fact, were called upon through U. S. O. offices to furnish lodgings in private homes when the hotels just could not take any more guests.

This situation is reflected in the reports on employment made to the Unemployment Compensation Commission. In 1941, there were 134 hotel establishments, operating with eight or more workers for at least 20 weeks in the year, reporting an average total employment of 4,033 persons. In the first year of the war, only 115 hotels reported 3,795 employed in various services. But by 1944, with no resort hotels reporting to the Commission, the number of establishments filing returns had increased to 141, and their employees to 4,875. These people received in wages a total of $4,471,901.00 last year.

Taken altogether, these facts amply bear out the statement of a leading North Carolina editor: "The travel industry of North Carolina is of the utmost economic importance. It provides employment for thousands of persons. It directly determines the prosperity of many Tar Heel communities. It contributes substantially to the support of the state and local governments."

Bringing in the baggage—here we have a "Bell-hoppess".

Tourism is Big Business

BY FELIX A. GRISETTE, MANAGING DIRECTOR NORTH CAROLINA STATE PLANNING BOARD

The tourist industry is big business.

Competent students of the industry estimate that it offers a potential yield of $150,000,000 annually in North Carolina. The magnitude of this income can best be appreciated by remembering that the combined cash receipts from all livestock and livestock products in North Carolina during 1944 was only $107,000,000, or that the total value of all sales of the North Carolina cotton crop was less than $85,000,000.

There are two widespread fallacies about the travel business which should be corrected in the public mind. One is that the cash income derived from tourists is limited to a very few agencies, such as hotels, restaurants, and filling stations. The other is that the whole business is thought of in terms of a pastime or as an appendage to some pleasure rather than as an industry in itself.

It should not require any considerable knowledge of economics to realize that any such sum as $150,000,000 annually, when turned loose in a state, will benefit far more people than any very few businesses. This money will be equally as valuable to the entire economy of all the people as any other industry with an equal volume of revenue. With an adequate program of overall state promotion, the entire State can benefit from this volume of travel business. Generally speaking, travelers on vacation do not go to any one specific point, but to a section or region. There is every reason to assume that the visitor going to the mountains can also be persuaded to visit the sandhills and the coastal areas. Obviously, while going from one point to the other within the State, the traveler leaves his expenditures all along the way.

Clearly, an industry with such possibilities should not be thought of in terms of play.

It is equally clear that any industry holding forth such possibilities will be the object of keen competition between different states and sections of the country. North Carolina must be prepared to obtain its fair share of this business.

The State Planning Board, in line with its policy of recommending courses of action in terms of the needs of the people, more than a year ago asked ex-Governor J. Melville Broughton to appoint a Tourist-Travel Committee to advise with the Board and to coordinate the efforts of all interests concerned with travel. The following persons were appointed:

Coleman W. Roberts, Chairman

Thomas H. Briggs
H. S. Gibbs
Felix A. Grisette, Ex-officio, Secretary
Robert I. Lee
J. B. McCoy
D. Hiden Ramsey
Charles E. Ray, Jr.
Bill Sharpe
Richard S. Tufts
Lionel Weil

As the committee studied the situation, it became increasingly obvious that a state-wide, non-governmental agency should be created to work with the Department of Conservation and Development and others concerned. Accordingly, the establishment of an organization to be known as the North Carolina Travel Council was recommended. This recommendation received favorable reactions from all interests directly concerned with the travel industry, with the result that plans are now under way for completing the organization of the Council.

As now proposed, the Council shall be an organization of those agencies serving the traveling public in the State of North Carolina, and shall be devoted to the improvement and development of all phases of the industry within the State.

The Council shall represent the best interests of its members in all matters pertaining to the welfare of the travel industry as a whole and shall, through exchange of information, educational campaigns and by other means endeavor to improve the services offered to the traveling public by the industry, and to expand and develop these facilities as may be needed to meet demand, and shall cooperate with established promotional and advertising groups such as motor clubs, travel agencies, chambers of commerce, the North Carolina Department of Conservation and Development, etc.

There shall be two classes of membership: Active and associate. Associate members shall be those companies, organizations or businesses operating primarily to serve the traveling public and any who may be so classified shall be eligible for membership. The principal financial support of the Council's activities shall be from the various dues paid by associate members, the amounts of such dues to be fixed by the directors, but associate members shall have no voting rights in the Council, nor shall they hold office in the Council.

Active members shall be elected by the Board of Directors and shall be limited to individuals who are officers or employees or other designated representatives of a company or organization which is an associate member of the Council. At all general meetings of the Council each active member shall be entitled to one vote, and all officers and directors of the Council shall be active members. Dues for active members shall be $10.00 per year for each person.

Three members of the 15-member board of directors have already been named: Former Governor Broughton, representing the East; Coleman Roberts, representing the West; and Richard S. Tufts, representing the Central section of the State. These three members have also been authorized to serve as a nominating committee to select the remaining members for presentation to the incorporators of the Council. Ex-Governor Broughton is preparing the necessary legal documents incident to obtaining a charter.

Thus, North Carolina is on the way in a program to develop this potentially powerful industry for the benefit of all the people of the State.

Room clerk registers a new-comer.

Memo on Tra

By Bill Sh

Long established as a travel state, North Carolina currently sees prospects of doubling its tourist trade in immediate years.

The travel situation had remained somewhat static until 1936 when the Great Smoky Mountains National Park was opened. Until then, the Blue Ridge country, headquartered at Asheville, had been the traditional summering place of a steadily growing number of midwesterners, southerners, a few northerners.

The new national park, embracing the little-known climax of the Appalachian system, quickly climbed in favor, and in 1941 was the most popular park in America, outstripping Shenandoah by a substantial margin. Returns from the tourist business rose from an estimated $35,000,000 in 1936 to an estimated $175,000,000 in 1941.

Future trade prospects have been enhanced by the fact that Cape Hatteras National Seashore, authorized by Congress, is due for development within the next few years. At the same time, the Blue Ridge Parkway, America's first "highway park," with many links already open, will be completed within an estimated three years. Resumption of Paul Green's famous "Lost Colony" is expected to stimulate travel into northeastern North Carolina. Other major state and federal-supported travel-enticing projects have been approved.

WESTERN NORTH CAROLINA

Western North Carolina already is a well-known playground, with varied resorts and a large summer children's camp industry. Substantial developments are planned for postwar years. The Park Service has recently announced plans for new roads giving more convenient access to the Great Smokies Park. Additional camp and trailer grounds and lodge accommodations are contemplated.

The TVA program has changed the face of many western North Carolina communities, where sky-blue lakes are filling mountain coves. While TVA itself plans no recreational developments, it is cooperating with local, state and federal agencies to utilize advantages offered by the lakes. Recently, the Park Service acquired additional land for the Great Smokies so that new Fontana Dam will provide a shoreline for part of the park, with opportunities for lake fishing, bathing, boating in the heart of the Smokies. Towns and counties are acquiring park rights along TVA shorelines, with plans for development. Through agreement with TVA, the Park Service plans a new highway from Fontana Dam to Bryson City, providing a new park entrance.

A PARK 500 MILES LONG

Most spectacular development in western North Carolina will be the Blue Ridge Parkway, which was started several years ago. With several stretches already in use, the completed parkway eventually will join Shenandoah and Great Smoky Mountain Parks. It is difficult to describe adequately this pleasure boulevarde to one who has not driven it. Rights of way have been acquired on each side so that there are no disturbing commercial elements in sight—no signs, hot dog stands, souvenir peddlers. For 500 miles one can ride over an easily graded, softly curved highway which soars with the ridges at an average altitude of 3,000 feet. Designed for pleasure and not for engineering utility, the Parkway bores through mountains, across great fills over valleys, winds miles away from "practical" routes to bring the traveller to breath-taking views. Along the route are bulges which will provide rest facilities —picnic areas, turn-outs, overlooks, and other conveniences and pleasures.

The National Park Service once estimated the Parkway would handle 3,000,000 tourists a year. North Carolina officials think postwar travel demands will up that figure by another million.

The Parkway will take visitors through the upper Blue Ridge Country into the Grandfather region, on past Mt. Mitchell, thence to Craggy Gardens, past Asheville into the Pisgah and westward, through Soco Gap into Indian land, and so on to Clingman's Dome, highest peak in the Smokies.

NATIONAL FORESTS

A large part of Western North Carolina lies within the purchase and development areas of the National Forest Service. In both Pisgah and Nantahala National Forests, recreational areas have been completed and are open. Especially in the Sapphire country, along Rt. 64, are camping, swim-

North Carolina

TE NEWS BUREAU

ming, fishing, picnicking areas, and more are due to be opened. Managed fishing and hunting are permitted on thousands of acres of these public lands.

More vacation spots are being made accessible by a network of state park and forest roads, and places denied the wheeled visitor also have been opened up by a system of marked and graded trails. In the Smokies alone are 500 miles of these trails, forming a great outdoor communication system for the hiker or horseback rider. In Pisgah and Nantahala, the Forest Service has also developed a trail system which is used extensively. The Appalachian Trail, which is marked from Maine to Georgia, follows the highest ridges of North Carolina, with log lean-to shelters spotted a day's journey apart, with firewood, water and toilet, and other facilities nearby. Several dude ranches have been established to take advantage of the outdoor areas. An active youth hostel loop is in operation.

EASTERN NORTH CAROLINA

North Carolina beaches in the past largely have been patronized by upstate Tar Heels. In the last few years, however, sportsmen have discovered the good fishing grounds lying at the capes and off the banks, and the excellent waterfowl shooting at famed Mattamuskeet and Currituck, and elsewhere.

A few years ago, the National Park Service, after a survey, selected the Banks of North Carolina as the site for the first National seashore park. The area would extend from Currituck bank to Ocracoke Inlet, and would comprise eventually some 100,000 acres, much of it on unspoiled beaches or sound fronts.

The State of North Carolina has created a Seashore Commission to acquire the necessary land.

In the area—one of the most romantic and isolated in this country—lies Kill Devil Hill, Fort Raleigh, Cape Hatteras, and other historic points. The Park would take in most of the Outer Banks—jutting 30 miles into the Atlantic, with Pamlico Sound on its back—and comprise one of the greatest sport fishing areas in America. Here loll the coppery channel bass, the flashy dolphin, the amberjack, bonita, the fighting Hatteras blue, as well as a host of good panfish—mackerel, trout, flounder, sheepshead.

The banks will soon get an "experimental" road from Oregon Inlet to Hatteras—forerunner, perhaps, of a hardsurface highway. Bridges across Alligator River and Croatan Sound, to make the park area more accessible, are contemplated by the State.

But more than shorebirds, fishing and surf-bathing are contemplated. Paul Green's symphonic drama, "Lost Colony", presented at open air Waterside Theatre on Roanoke Island each summer until 1941, is to be revived. Former Governor Broughton heads a committee to raise $100,000 to rebuild the theatre.

In the kitchen of Pinnacle Inn.

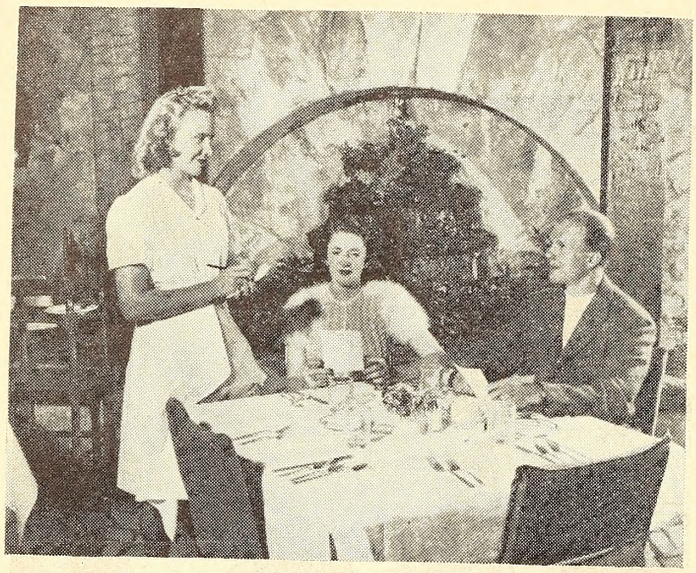
Presented nightly from July 1 to Labor Day, "Lost Colony" is an outdoor spectacle performed in a unique theatre where scene shifting is done through use of lights and different stage levels. Over 150 persons are in the cast. From 1937 to 1941 the play attracted 400,000 spectators.

Nearby is historic Kill Devil Hill, surmounted by the Wright Memorial. Now it is planned to bring the original Wright plane back to the site of its first flight and to house it in a suitable building, where it will be another attraction of the Seashore park. Also planned: a Coast Guard Museum; fishermen's cabins at the cape; a bicycle trail.

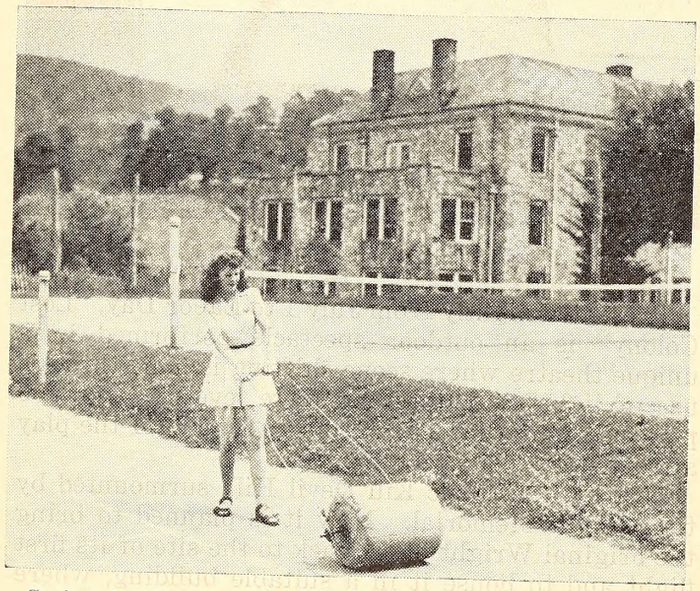
North Carolina is talking of more things for the traveller. Recently, the Department of Conservation and Development accepted the offer of a generous woman who proposes to restore Tryon's Palace at New Bern, on Trent and Neuse Rivers. Only one wing of the original palace, once called "the most beautiful building in America," is now standing, but the original plans have been discovered, and rebuilding of the royal governor's palace will commence as soon as possible. $300,000 already has been made available; $500,000 or more eventually will be expended for the restoration which will be one of the show places of America. The state has appropriated $100,000 to acquire adjacent land for the project.

STATE PARKS

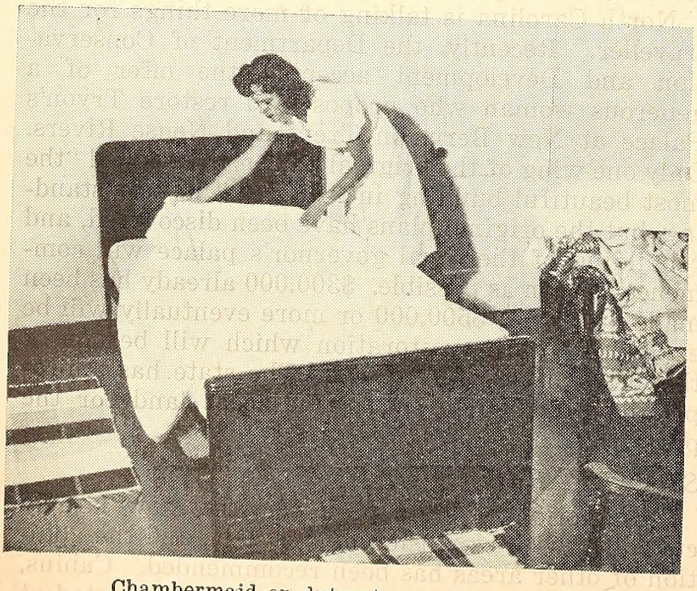
Resumption of state park services, now largely curtailed, with expansion of facilities, and the addition of other areas has been recommended. Cabins, to be rented for moderate fees, are to be erected at



Waitress takes the luncheon order.



Caring for hotel grounds. This girl took on a man's job during the war.



Chambermaid on duty at mountain resort.

the parks, and a lodge with cabins attached is planned at Mt. Mitchell State Park, atop eastern America's highest peak.

Cabins also are planned at Mt. Morrow and Hanging Rock. At Pettigrew State Park, on 16,000-acre Lake Phelps in eastern Carolina, the Pettigrew plantation home has already been restored, and the 16-room mansion will be available to vacationists and sport fishermen who come to the lake for the fine bass and perch fishing. Fort Macon, on the banks opposite Beaufort, is now occupied as a military installation, but plans for its conversion into a State Beach will be resumed after the war. Cape Hatteras State Park, with its modern cabins for surf fishermen, will be incorporated in the National Seashore area.

STATE LAKES

North Carolina owns a chain of clear-water lakes in eastern Carolina, and some of these already are in use. Singletary Lake, a beautiful cypress-shaded body of water, now is used for group camping, and has dining halls, cabins and shelters. Jones Lake, nearby, has been set aside as a resort for Negroes. The government recently turned Crabtree Creek area over to the state, and the 80 cabins there are available the year around for vacationists. The legislature authorized the parks division to take over Cliffs of the Neuse, near Goldsboro, as a riverside park, and other park areas will probably be acquired and developed.

SANDHILLS

The oldest winter resort country in North Caroline—the Sandhill pine lands—have been partly occupied by the military, but all hotels now have been returned to private operation, and this winter golf capital of America, noted for its five golf courses at Pinehurst and Southern Pines, and for its fox hunting, quail, and horse activities, are open in winter. Full programs, including the many golf and tennis tournaments and the well-known steeplechase, will be resumed.

HUNTING AND FISHING

Anticipating an unprecedented crop of outdoor enthusiastics returning to normal civilian life, North Carolina is seriously concerned with the problem of providing game. On federal-state wild-life management areas a large program of stocking of fish and game is being carried out. Deer are trapped in over-populated areas and released in other sections. An attempt now is being made to return deer to the Piedmont area, where they long since had been shot out. Hatcheries are restocking streams. On management areas, public bear, deer and boar hunts are held. An extensive game and fish propagation program is being blue-printed.

STATE AID

The State of North Carolina is backing plans of the National Forest Service, the Park Service, TVA, and private developers in the postwar travel program. The state highway department's large and growing surplus will be thrown into a large postwar

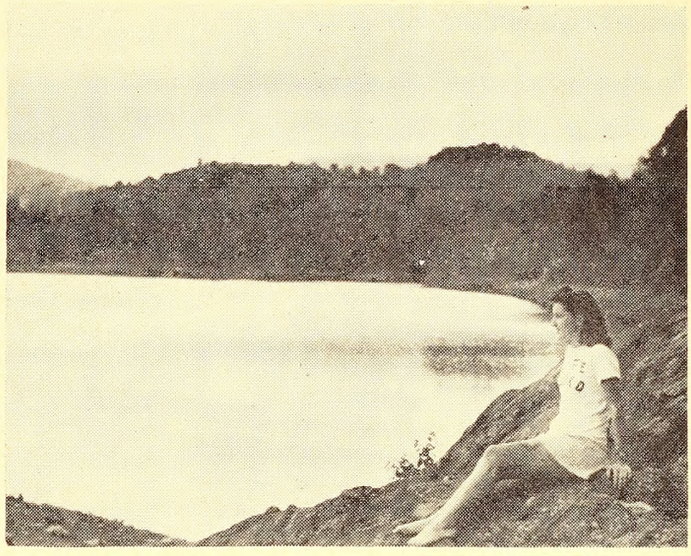
highway construction program. Roads will be widened, and new highways built to make attractive spots more accessible.

A new two-way road, running from the Blue Ridge Parkway to the summit of Mt. Mitchell already has been approved. A road now crosses Lake Mattamuskeet, and the banks will be brought within the range of new bus lines by bridges across Alligator River and Croatan Sound. A road is now being roughed out to Hatteras. Long ago, the state made all bridges toll-free, and also operates general toll-free ferries.

The state's Advertising Division estimates that postwar travel in North Carolina will amount to nearly half a billion dollars a year, making the state among the leaders in travel volume. A subcommittee has been named to interest capital in building more resorts to meet the anticipated demands of a travel-hungry nation. The State Planning Board is cooperating in the enterprise.

HOTEL SERVICES

Basic to the travel industry are the types of service rendered by hotel employees. The pictures which accompany this article were taken by Mr. Hemmer of the State News Bureau to illustrate such services. These show summer activities at Pinnacle Inn, which is a unique resort in that during the winter months it is in reality Lees-McRae College. During the summer season the college buildings provide hotel accommodations, and the students render all the service operations as part of a self-help program.



Life-guard at Wildcat Lake.

TIPS AS WAGES

Up until March 6, 1945, the Commission had a great deal of trouble in trying to get reports from operators of hotels and restaurants and similar establishments, upon the tips received by bellboys, waitresses and other such employees. For the last few months before the 6th of March, and for the months between the 6th of March and the 1st of July, the traveling auditors examined a great many accounts. Sometime in the winter of 1945 a committee of hotel keepers and their attorney, Mr. J. C. B. Ehringhaus, appeared before the Commission in an effort to find some fair and equitable way to tax employers on tips received by their employees.

The discussion was both pro and con, and the Commission finally determined that it was so difficult to account for tips that it could not fairly tax the employers for tips received by employees, so the Commission passed the following regulation:

Rule 2. **Gratuities:** (A) Any gratuities customarily received by an individual in the course of his work from persons other than his employing unit shall be treated as wages paid such individual and shall be added to any other remuneration paid to such individual by such employing unit for the purpose of preparing reports required by and in calculating the contributions due the Unemployment Compensation Commission; provided, such gratuities are reported by such individual to the employing unit on forms prescribed by the Commission and furnished to the individual by the employing unit, within three days after the end of the pay period in which received.

(B) If the employing unit deems the amount of gratuities reported in accordance with Section (A) of this rule to be unreasonable or excessive, the employing unit shall include such amount in his reports to the Commission under protest, and any protest so made shall be investigated and determined in such manner as the Commission may prescribe.

(C) Neither this rule nor any regulation or instruction issued pursuant thereto is to be construed as authorizing any employing unit to demand of any individual performing services for it a report or accounting of gratuities received, or to require such individual to render such report or accounting. If any individual fails to report gratuities received as provided in Section (A) of this rule, however, such gratuities shall not be considered as wages, except on a showing of good cause to the Commission within 45 days of the end of the applicable pay period for such failure to report such gratuities.

This will permit the bellboys and waitresses and others receiving gratuities in the performance of their duties to make reports to their employers. The employers will then have to include such amounts in their quarterly wage reports to the Commission and will have to pay contributions upon these amounts. The employees receiving tips and gratuities will thus have these credits to their wage records and included in subsequent calculation as to the amount of weekly benefits to be paid them if unemployed.

The Commission thought that this was the fairest way out of a very difficult situation. The hotel men, restaurant keepers and others employing people who receive tips or gratuities, agreed with the Commission. This regulation went into effect July 1, 1945.

C. U. HARRIS.

READJUSTMENT PROBLEMS

From now on, thousands of workers in North Carolina, and millions throughout the country, will be changing jobs. Skills learned in wartime may be of little use to them in the peacetime economy. Jobs may develop in places far from the cities or town where they now live. They may work shorter hours, and their take-home pay may be less.

Unemployment compensation will help many of them to bridge the gap between jobs. But unemployment compensation is not a subsidy for idleness. It can be paid only to workers who are seeking jobs they cannot find.

Our law in North Carolina, like those of other states, has safeguards to prevent payment of benefits to people who do not want to work or who are unable to work. But in the present situation, administrators are faced with many questions in determining whether an individual is eligible for benefits.

Refusing suitable work, being unavailable for work or unable to work, and quitting a job voluntarily, are the three principal reasons for disqualifying a worker. Following are some of the basic questions of policy that will have to be decided:

1. *What is suitable work?* Should "suitability" be determined as a job for which a person is qualified by recent experience, or should it be related to a worker's pre-war job or should both recent and earlier experience be considered in the light of what jobs are available?

Examples:

A mechanic who earned $1.80 an hour during the war is offered a job at 65 cents an hour. If he refuses it, should he be denied unemployment insurance benefits?

A drug store clerk has become a skilled machine operator in a war plant and his wages have amounted to about $80 a week. After he is laid off, he is offered a job as a clerk at $20 a week. If he refuses it, should he be disqualified for unemployment insurance benefits, or should he be given time to look around for a job in his line at higher pay?

Many women took industrial jobs during the war. Some of them will want to return to homemaking, but some will want to continue to work. If they are laid off, what sort of work should be considered "suitable" for them? Should they be required to take housework or other work at much lower pay if factory jobs cannot be found?

If jobs at high pay are not available, how much time will unemployed persons be given to appraise the situation before being offered whatever work is available, or denied benefits?

2. *When is a worker able to work and available for work?* Must he be able to take any job regardless of its physical requirements? Must he be available for work on any shift, regardless of home conditions? How far from home must the worker be willing to go, to be considered available for work?

Examples:

A 58-year-old man is laid off his war job. The only work to be had involves heavy lifting. Should he be disqualified for unemployment insurance benefits because he is unable to take the job, because he cannot do heavy lifting?

A woman is laid off from a plant in her home town. The only work to be had is 35 miles away, in another town. She cannot adjust her household schedule to include the 3-hour travel time involved in taking such a job. Should she be considered unavailable for work and denied benefits?

3. *Should a worker be disqualified if he quits his job voluntarily for good personal cause?* In North Carolina, if a worker quits his employment for a reason not connected with the work or the employer, he forfeits benefit payments for from 4 to 12 weeks.

Example:

A widow quits her job to take care of a sick child at home. When the child is well and going back to school, should she be denied her unemployment insurance benefits while looking for another job?

Suitable Work In the Post-War Period*

BY IRENE M. ZACCARO, REFEREE FOR UNEMPLOYMENT COMPENSATION BOARD OF MARYLAND

The question of what is suitable work can be approached from more than one viewpoint—that of the claimant, the employer, the labor union, the unemployment compensation board or commission and perhaps the employment service. Our specific problem, as unemployment compensation personnel, is to coordinate these often conflicting views in an attempt to obtain the perfect answer—that attainment is well nigh impossible.

Specifically we are confronted with the opinion of the claimant in contrast to, what we hope is, our impartial opinion. The claimant has a keen personal interest in what is suitable work for him and he is not interested in definitions of suitable work. If he does not think a job is suitable he has many reasons why and frequently his reasons have little relation to the suitability of work as we consider it. The unemployment compensation law gives us a definition of suitable work or rather an outline to follow in determining suitable work.

An examination of the laws of the states (North Carolina, Virginia, West Virginia and Maryland) in this Region, including the District of Columbia, shows a similarity in this regard, so that in following the Maryland Law practical application is being made of the laws of these other states.

To interpret these provisions of the unemployment compensation laws equitably and to the under-

*The substance of this article was delivered as a paper at a Regional Meeting of the Interstate Conference of Employment Security Agencies held in Richmond, Va., July, 1945.

standing and satisfaction of the claimant, in this post-war period, requires the wisdom of Solomon and the courage of Daniel.

WAGES, HOURS AND CONDITIONS OF WORK

Work is considered unsuitable for a claimant "if the wages, hours, or other conditions of the work offered are substantially less favorable to the individual than those prevailing for similar work in the locality." (Maryland Law, Sec. 5(c) (2).)

WAGES

What will be the basis for comparison in order to determine suitable wages for particular types of work in the post-war period; will it be the pre-war period beginning with the effectiveness of the unemployment compensation laws to the middle of 1940 when the defense program began; or the period of intensive war work; or the post-war period?

Will a comparison of the pre-war wage scale and the wage scale during the war assist in reaching an average wage, which will represent the post-war wage scale? Or, will it be an average wage derived from a comparison of the pre-war wages and the wages offered after the war? Or, will the war time wage be the basis for determining a reasonable wage in the present post-war period.

One view is that the last wages received by the individual (in war work) will not be a fair basis for reaching a wage rate in the future because of the abnormally high average weekly earnings, but that from an analysis of the wages offered for particular types of work after the war an average rate can be determined.

Another, and this is the view I incline to, is that the war work rates, because of restrictions imposed by the Federal Government, did not represent a substantial increase, if any, in rates and should be the basis for any reasonably fair determination of the post-war wage rates.

Actually, the high wages paid to war workers were not due in the main to an increase of hourly or piece work rates, but to the long hours which resulted in time and a half and double time for overtime work, plus a bonus for work on the night shifts.

There has been a substantial decrease in the pay envelope because of reduced working hours (and for thousands of workers there is not even any longer a pay envelope), but in considering a wage rate it is the rate per hour for straight time, or on the weekly basis of wages for a 40-hour week.

HOURS

Hours of work during the war were long and changing; all war industries exceeded 40 hours a week; there were three shifts in most plants; workers in many instances had to take their turn on all three shifts.

We remember the objections raised by claimants against six and seven days a week work; against shift work. Then came the complaint, as hours of work were reduced, that unless they have overtime work their earnings would be reduced; applicants began objecting to work which did not present the opportunity for overtime.

The demand for overtime cannot be considered as legitimate reason for refusing employment, when there is not the need for overtime; generally, there will be very little overtime, if any at all. The consensus of opinion, so far as I have been able to gather, is that normal hours of work will be 40 hours a week. The out-of-state claimant who quit employment when hours were reduced, with the consequent decrease in earnings, placed himself in the position where the suitability of work for him must be judged from the circumstances surrounding work which might exist in his home community.

A demand by a claimant for shift work, with the bonus for night work, will be unreasonable when, probably, there is no occasion for more than one shift in most industries. There will be some shift work in isolated plants, and if an individual can be placed therein so much the better, otherwise day work is suitable work.

The tendency back to day work for women should not be disqualifying, unless it is the custom and practice of the industry to which she applies to operate on two or more shifts.

During the conversion period there will be a considerable reduction in hours of work, as one of the results of conversion might be the spreading of hours of work so as to provide employment for discharged war workers and returning veterans. Peace time production may, however, provide not only regular full-time employment, but a great deal of overtime. If there is a tendency to overtime work, a refusal of employment requiring overtime will be unreasonable. An exception is noted in regard to women workers, where family and household responsibilities again can be given more consideration. During the war period family and household duties, except where very young children were involved, were not considered as good cause for refusing otherwise suitable work, but now the swing is back to a more liberal attitude in this connection. However, it is probable that many women will return to their homes or change over to employment other than industrial, but where the worker holds out for a type of work (which there is little likelihood of obtaining) which requires overtime or shift work meanwhile objecting to either, her objection would be without good cause.

CONDITIONS OF WORK

The subject of conditions of work will be treated generally, since it is impossible to go into each question which might arise. There was a general improvement in working conditions during the war, although Labor says some of its privileges were relaxed so as not to hinder the war effort. Whether Management will drop all or some of these improvements time will tell. No doubt Labor will try and regain the privileges it suspended or gave up during the war, as well as struggle to retain the gains made.

However, when we consider the question of working conditions, I believe the manner in which we handled it in these past years will be as safe a means

as any. Comparing the conditions the claimant objects to with similar conditions in the industry; here, as formerly, it will be the obligation of the claimant to prove to the satisfaction of the unemployment compensation agency that the condition or conditions complained of are bad, whether he refers to safety, sanitation, lighting, location, etc., or whether he does not like the shape of the foreman's nose. If the objection is that the machine he must operate has a left foot pedal rather than a right foot pedal, then the claimant ought to start using his left foot (unless he has only a right foot).

PROSPECT OF GETTING LOCAL WORK VERSUS OUT-OF-TOWN WORK

Several questions raise their heads here; the worker whose work had been entirely in the area where he lives; the worker who never has had industrial employment in his home area; the worker who had a low paying job in his home locality and removed temporarily to a place where there was industrial employment; and the worker who always has travelled from place to place in the practice of his trade.

The worker who never has had industrial employment or regular employment of any kind, excluding odd jobs, in his home locality, who returns home after employment elsewhere has terminated and who refuses to leave his home for suitable work in another area removes himself from the labor market and is unavailable for work. He never had work in his home area and the likelihood is that he never will have work there; if unemployment compensation benefits were a reward for past employment, then he would be paid; but unemployment compensation benefits are for persons unemployed through no fault of their own. The continued unemployment of such an individual would be due to his voluntary act in refusing to go to a place where there is work. It is not unreasonable to offer that person work which may require him to leave his home locality, if the other conditions of suitability are met in the work offered to him.

It would be unreasonable to offer work out-of-town to an individual who has lived and worked in one place if there is prospect of work for him in his locality. If his type of work leaves the town or city, he will not be expected to follow it immediately; he ought to be permitted a period of time (which will vary with the circumstances of each case) in which to find other suitable work. Then either he ought to change his work requirement or accept out-of-town employment. He cannot demand benefits if he refuses to change to other employment locally, while insisting that he remain fixed in his residence.

The applicant who had a low paying job in his home locality before the war and returned home, after having had employment in war work elsewhere, must be available for work similar to that which he had before the war or work which is to be had in his locality at the wages, hours and under the circumstances prevailing for that work, or he must be willing to accept employment out-of-town. To refuse local work because his last employment in war work away from home was of a different kind, with higher earnings, etc., while preferring to remain at home where work within his immediate prior experience is not available would disqualify the claimant. If he is willing to accept work locally and the work exists, although there may not be any immediate openings, the claimant would be eligible for benefits.

Where it has been and is the custom of the trade for a worker to travel from place to place, in the performance of his work, a refusal of work because it is out-of-town would be sufficient to disqualify the claimant.

IMMEDIATE PRIOR EARNINGS IN WAR INDUSTRY VERSUS NORMAL PEACE-TIME INDUSTRY EARNINGS

What are "normal peace-time industry earnings?" This will be an important and recurring question in the years just ahead. My opinion is that we do not have any criterion to follow. In the years preceding the war we were not so much in "normal peace-time" as in the tail end of a depression period with government-created jobs and a somewhat artificial wage structure. In the discussion under "Wages" the opinion was expressed that the war industry wages would be the best gauge for ascertaining industry earnings in this period of post-war conversion. There will be necessary adjustments in wage rates, and a gradual development of peace-time wage rates in industry. Our tendency should be, where a wage rate for comparable work drops considerably below the war-time rate, to make comparison with the rate prior to the war, at the same time remembering the increased living costs and increased income taxes still confronting the worker.

Many workers will have to return to work which does not pay and did not pay them the earnings they had in war industry. A demand for earnings in the former work equal to their war earnings is not justified. Even those workers who remain in work similar to that which they had in war industry, perhaps for the same employer, may complain that their earnings have been reduced, not in the rate, but in reduction of hours or smaller volume of work (piece work); such complaint if offered as reason for quitting or refusing any offer of otherwise suitable work is without merit. The working hours in war time have been abnormal; the volume of work also was abnormal. The ratings held by many workers were abnormal in that persons of limited qualifications had been in either supervisory capacities or in jobs that in normal times would be considered beyond their skill and experience. With a return to peace-time standards, the worker should adjust himself accordingly; any contrary demand might be cause for disqualification.

Considered from the standpoint of wage scale, there will not be much difference between the war time and the post-war wage. There will be a difference, often quite substantial, due primarily to the decrease in working hours, which neither the employer nor the applicant can control, and the worker should conform to existing circumstances. The problem of providing jobs in substantial volume during this period will depend, to some extent, upon whether one worker will be employed long hours so he can maintain a high earnings level, or whether

more than one worker will have a job for a normal work week. The demands of the claimant will be considered in the light of the policies and practices which develop in industry after the war, and their reasonableness determined.

REQUIREMENT AS TO JOINING UNION

This question must be approached from two angles—whether the claimant is to retain his freedom of choice regarding union membership, or whether he should accept (involuntarily) the benefits of union membership in order to obtain employment.

The unemployment compensation laws are silent on this point, so that by inference and interpretation it can be held that refusal to accept work because union membership is required constitutes a refusal of suitable work. There has always been some doubt whether the unemployment compensation laws are not discriminatory in this matter. If an applicant cannot be required to "resign from or refrain from joining any bona fide labor organization," then why should he be disqualified for failure to accept work which would require him to join a bona fide labor organization?

If a claimant does not want to belong to a union, he may have many good or even foolish reasons for his attitude, depending upon the other person's point of view, but he ought to have the privilege of making a free choice without the shadow of a possible disqualification hanging over him.

PRIOR TRAINING AND EXPERIENCE

This is a problem which will come up with frequency in the era of peace ahead. The individual who was in an industry before the war may not be difficult to handle; there will be some place for him in that industry when it reconverts, and a short period of time may be the only element involved. The persons who went from school or work far removed from industrial employment into war work will be faced, many of them, with the question of readjustment. This applies, too, to many who were not employed at all prior to the war.

The first effort should be to try and refer the claimant to the same type of work he was doing; secondly, refer him to related work; thirdly, divert his abilities into work where he can be readily trained; and finally, if the training and experience gained in a war industry cannot be utilized in peace-time, then the applicant must be diverted into new work or to work performed prior to the war. This will be a matter of education, and a real job is here for the employment service.

From the standpoint of suitable work, however, the claimant should be permitted a reasonable length of time, during which he is receiving benefits, within which to obtain work in line with his training and experience. The period of unemployment will vary with the circumstances of each case, but after that time it will be up to the claimant to cooperate by going into new and related work.

A claimant cannot hold out indefinitely for work which may have ceased entirely or where the prospects of obtaining such work are remote. An offer of work is suitable if the claimant's training and experience can be utilized and the employer is willing to afford him the necessary training.

Offering a claimant work in line with his pre-war experience would be an offer of suitable work, if the chances of employment in work similar to his war work experience are meagre.

NATURE OF DISQUALIFICATION

There is no definite yard stick for the measurement of disqualifications. The possibility does exist that in the post-war period an individual's failure to accept, what under the circumstances of his case would be, suitable work will necessitate a determination of unavailability; however, such a determination will be based on all facts surrounding him and not merely because the claimant refused employment.

Where an individual persists in refusing to accept suitable work the maximum disqualification in number of weeks will be warranted, perhaps on more than one occasion.

If during what is considered a reasonable period of unemployment an individual refuses work, which might subsequently be considered suitable because his chances of securing other work have decreased, then there should not be any disqualification. Later on, beginning with a moderate penalty, a disqualification would be necessitated.

Those individuals who because of lack of work in an industrial area return to their former homes, where employment opportunities do not exist, will be eligible for benefits so long as suitable work (again the circumstances of each case will be controlling) is not available or offered to them. Disqualifications will follow failures to apply for or accept work offered.

RESEARCH REPORT

America has a good chance of getting through the present reconversion period without mass unemployment or severe business dislocation, according to substantial opinion among the country's leading economists who are participating in a symposium on "Financing American Prosperity."

The Twentieth Century Fund, an institute for scientific research in current economic problems believes that "the great majority of war workers" were doing exactly the kind of work during the war they will do in time of peace. The average amount of unemployment during the first year after the war with Japan will be around 4.5 million.

Only about five million war workers were employed in plants which will make large permanent lay-offs and approximately 10 per cent of war workers were in plants where engineering problems of conversion will halt production as long as 4 months.

To safeguard the country against deflation, the government should facilitate a quick shift from war production to civilian production, reform the tax system, extend and liberalize unemployment compensation schemes, and plan prompt expenditures on the repair and maintenance of public property. To guard against a disorderly rise in prices, the government should retain price controls and the regulation of consumer credit throughout the period of conversation and probably for a year or two longer.

The Law in Action

BY BRUCE BILLINGS, SENIOR ATTORNEY, U. C. C.

During the three months period ending August 31, 1945, the Commission handed down decisions in ten cases involving benefit rights of claimants. In six of these cases, the question of the availability of the individuals for work under the Unemployment Compensation Law was presented. In two of these cases, the claimants voluntarily separated from their employment and had been denied statements of availability by the War Manpower Commission for a period of sixty days. The Commission held such individuals to be ineligible during the period for which they were denied statements of availability under Commission Statement of Policy Number 9 which at that time provided, "That any claimant who as a prerequisite to employment is required to possess a statement of availability or its equivalent under the rules and regulations of the War Manpower Commission shall not be considered available for work within the meaning of the Unemployment Compensation Law during any period with respect to which he does not possess or is unable to procure such statement or its equivalent * * *" It is well to note in this connection that this statement of policy is now obsolete and ineffective since the recent lifting of the manpower restrictions.

In two cases it was found that the claimants had so restricted the conditions under which they would accept employment that the possibility and prospect of such individals securing employment was practically eliminated, and it was therefore determined that such individuals were not available for work within the meaning of the law. In one of these instances, the claimant refused to accept any work except with her last employer on the first shift and in one particular department in which she formerly worked. The claimant in the other case referred to had been unemployed for thirteen months and had never earned more than $18.00 a week in employment, but made it a condition that she receive at least $35.00 per week in any work offered her. In view of the length of claimant's unemployment and her previous earnings, it was held that she was not available for work. It was decided, however, in another case that a claimant who was the mother of two small children had not unreasonably restricted her availability when she was willing to accept any suitable work on the first shift and had made arrangements for the care of her children during the working hours of the first shift. In the only other instance involving availability it was determined that the mother of a small child who could not make arrangements for the care of the child in case she was offered suitable work and for that reason could not accept suitable work, did not meet the eligibility requirement of availability.

In the only case involving a procedural question, the Commission upheld the decision of the Appeals Deputy dismissing the claimant's appeal when such appeal was not entered within the time required by statute and when the claimant could not show any good reasons for not noting the appeal within the time required by statute.

When a claimant was offered work as a sander at 50c an hour, and it appeared that such individual had recently undergone an operation and was unable to perform work of such arduous nature, and when it further appeared that such person had good reason to believe that he would secure work of less arduous nature within a short time at a rate of 85c an hour, it was held that he did not refuse available suitable work without good cause and no disqualification was inflicted.

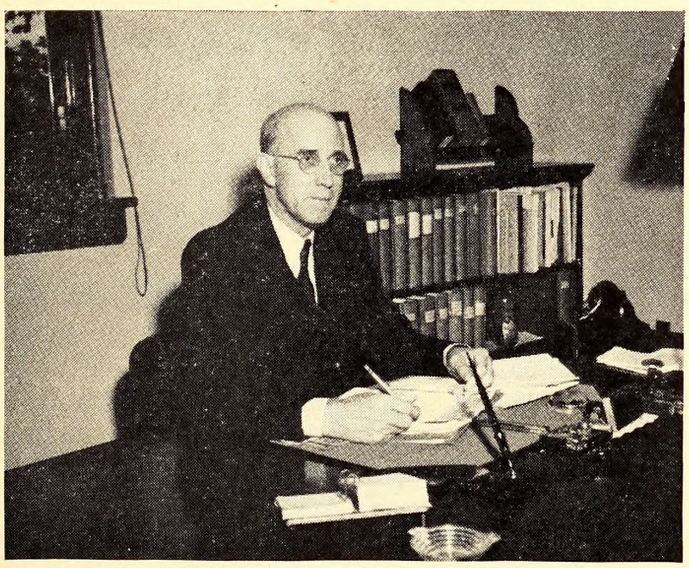
In a case in which the claimants—employees of a full fashion hosiery mill were unemployed due to a labor dispute between the knitters in the plant and the management, the Commission determined that all such claimants-employees were ineligible for benefits for the reason that the work performed by all such individuals was of the same general type and that their jobs were part of a chain of production and that the operation of one group depended upon the continuance of the work of the others. The Commission found that the relationship existing between the jobs of the claimants-employees and the jobs of those who voluntarily quit work placed the claimants and those workers in the same class of workers, and that such individuals were therefore ineligible for benefits under Section 96-14(d) (2) of the Law which provides that any individual shall be disqualified for benefits for any week with respect to which it is found that his unemployment is due to a stoppage of work which exists because of a labor dispute at the factory at which he is or was last employed unless such individual shows to the satisfaction of the Commission that he does not belong to a grade or class of workers of which immediately before the commencement of the stoppage there were members employed at the premises at which the stoppage occurred any of whom are participating in or financing or directly interested in the dispute.

The Commission handed down opinions in ten cases involving interpretations of the coverage section of the law. In eight of these cases the employing units were held to be liable under the statute for contributions on wages earned by employees. Three of the cases involved the question as to whether the employer had worked eight or more individuals in twenty different weeks in a calendar year. In two cases liability was found to exist and in one case the Commission found there was no liability. There were three cases decided which involved interpretation of what was formerly the contractors clause in the law. (Amended 3-13-45). In two of these cases the employer was found to be liable for contributions on the earnings paid to employees of a contractor who was performing services for such employer in the course of the employer's usual business and in the other case of this kind the Commission found no liability for the reason that the services being performed by the contractor were not in the principal's usual trade or business. One employer was liable under the law by virtue of having acquired substantially all the assets, organization, and business of an employer who at the time of such acquisition was a covered employer under the Act. In another opinion, the

Commission determined and held that gratuities and tips were taxable wages under the Law. In one instance, it was decided that solicitors for a laundry who owned their own trucks and who were paid on a percentage basis according to the amount of laundry brought in by them were performing services in employment under the Act. In interpreting the section of the law relative to termination of coverage it was determined that when an individual once becomes an employer under the act and subsequently sells his business to another and then later reenters business, that such individual continues to be a covered employer if he has never applied for and been granted termination of coverage as provided under the law. In defining what is agricultural labor under the statute, it was determined that where an individual bought hogs and livestock and maintained a place where he fed them until they were in a marketable condition, and then sold them to various packing companies, when such activity was not connected with a farm and no grain or other feed was grown by the individual to feed such livestock it was concluded that the persons in the employ of such individual who performed services in the furtherance of this business were not engaged in agricultural labor but were engaged in a commercial enterprise and therefore, wages earned by such individuals were taxable under the law.

Unemployment Benefits–Picture Story from Claim to Check

By S. F. Teague, Chief Claims Deputy



Mr. S. F. Teague at his desk in the Central Raleigh Office. As head of the Commission's Claims Department all claims operations and business relating to claimants is under his supervision. (Photo by R. C. Yates, Jr.)

Unemployment compensation is filling the gap between war jobs and peace jobs on an increasing scale. The unemployment compensation program is especially suited to play this major role during industrial reconversion—it is designed to provide a partial income for covered workers during periods of temporary unemployment.

For many workers, the filing of a claim for unemployment benefits is a new experience. Their knowledge of the procedure for filing, at the best, is of a general nature only; they know little of how a claim is taken and processed by the Commission and the benefit checks finally mailed.

This illustrated article is intended to aid public understanding of the procedure followed in handling unemployment benefits, from the time a claimant applies at a local employment office until he receives his check for weeks of no work.

First Step. When a worker is unemployed and unable to find another job, he should go to the nearest Employment Service Office. The Unemployment Compensation Commission of North Carolina has claims-takers located in all these offices throughout the state.

A basic test as to whether or not a particular worker is unemployed—is whether or not he is seeking work which he cannot find. Under the Unemployment Compensation Law, registering for work at a public employment office constitutes evidence that the worker is seeking work. A requirement for eligibility to unemployment compensation is that the claimant be able to work and available for work.

Consequently the first step for any worker who loses his job is to register for work at an Employment Service Office. If the Employment Service has a job order for which the worker is reasonably fitted, he will be referred to the new employer.

Second Step. While he is making his first call at the Employment Service Office, the unemployed worker also files his claim for unemployment insurance benefits. He should be sure to do this, before he leaves the office, so that the process of looking up

First step—register for work. Registration for work comes first in the unemployment claims procedure. At the registration desk, an applicant's work history is taken, and if there is a job order on file which his work background indicates he can fill, he is given a referral to that employer. Pictured here is the reception of an applicant in one of the local Employment Offices.

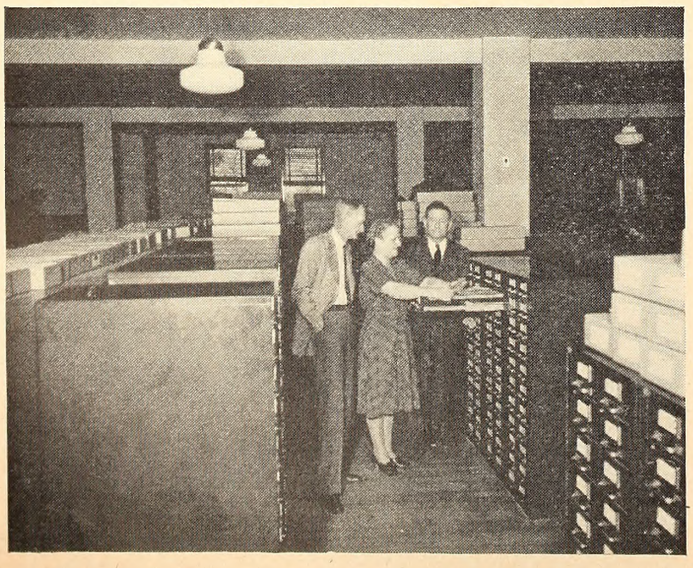
Second step—file a claim. The initial contact of the unemployed worker with the North Carolina Unemployment Compensation program must be made by an interview with a claims-taker in a local employment office. These are located throughout the state. Here is filed the application for benefits. In the photograph above, Mrs. Violet Patrick, representing the Unemployment Compensation Commission, receives a claim in the Raleigh local office.

his wage record account and determining the amount of his weekly benefit check may be started. It may be several weeks before he actually begins on a new job. If he delays in filing a claim, he may lose out on benefits that would otherwise be due him. Time lost in filing a claim for insurance, is not compensable. The date on which a first claim is filed, is the date from which insurance payments are figured. There is a one week "waiting period," and benefits begin with a subsequent continued claim covering the second full week of unemployment.

Filing a claim means that the worker is interviewed by a claims-taker for the Unemployment Compensation Commission, and asked, among other things, to give his name, address, Social Security number, name of most recent employer, and cause for unemployment, the amount of his earnings for the week for which he is filing, and if he is able and available for work.

This information is entered on an initial claim which serves as an application to determine benefit rights. The claim is sent to the Central Office of the Commission in Raleigh, where it will be examined and either approved or disapproved.

The claimant is given an identification card which also contains his assigned weekly reporting day at the local office, etc. * * * He should report back on the day assigned for him each week, so long as he remains unemployed, to continue his claim for benefits.



Third Step. First stopping place for the claim in the Central Office in Raleigh is the Commission's Wage Records Unit. It is turned over to a "pulling clerk," who locates by Social Security number the base-period wage records of the claimant. The Commission receives these wage records from the employers. A claimant's base period is one of two previous calendar years, depending on the date his first claim if filed.

Wage records for each quarter in the claimant's base-period year are routed to the staff of claims examiners in the Initial Determination Unit of the Claims Department.

Fourth Step. The claims examiners check all the available data on the claimant. To establish eligibility, among other things, he must be unemployed, have earned at least $130 during his base-period year from an employer, or employers, covered by the Unemployment Compensation Law, have registered for work, and be able and available for work.

Once the basic eligibility of the claimant has been established, the examiners in the Initial Determination Unit total the quarterly wage records as reported for the claimant's base-period year. This is the determining factor on the scale of weekly benefit amounts. They also fix the start of his "Benefit Year"—This begins with the date of his valid claim and extends for a period of 52 weeks.

The determinations of the claims examiners are entered on a form known as the Initial Determination and Wage Transcript, copies of which are sent to the Local Employment Office for delivery to the claimant and mailed to his last and base-period employers.

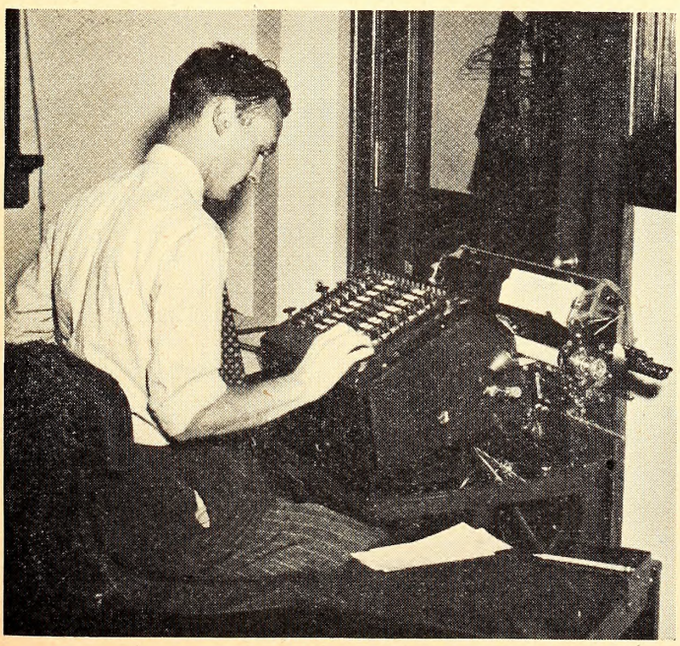
Fifth Step. After a waiting period of one week, if the claimant is still unemployed and files a claim for the second week, he will be entitled to receive a benefit check for that week. Payments are started by the First Pay Authorization Unit as soon as it receives and approves a waiting period week and one additional week of unemployment, as evidenced by claims filed in the local employment office, that the claimant has been unemployed for a compensable week.

Third step—pulling the wage records. When the claims application reaches the Commission's Central Office in Raleigh, it is routed to the Wage Records Section where the quarterly wage records for the claimant's base period are pulled from the files. These records are essential in the determination of the claimant's eligibility and benefit amount. More than 2,000,000 wage slips are on file here, representing the earnings reports of North Carolina's covered workers over the past several years. Mr. Martin K. Heptinshall and Mr. Edward C. Newton, supervisors, stand at one of the many big files in the photograph above, as Mrs. Claire S. Salter pulls some wage records.

Fourth step—making the claims determination. The fate of any new claim is decided in the Initial Determination Unit of the Claims Department. After inspecting all the data received from the claimant in the local office and pulled from the wage records file in the central office, these examiners determine whether the claimant is eligible, and, if eligible, his benefit amount. Above is shown Ben Woodall, Supervisor of the Initial Determination Unit, giving instructions. Seated from right to left are: Essie Hamilton, Mrs. Gertrude Franck, Edwina Uzzell, L. E. Stacy (Supervisor of Second Pay Authorization Unit), Bertha M. Buffaloe, and Nancy E. White.

Sixth Step. Authorization for the benefit check is routed to the Check Writing Group of the Commission's Accounting Department. The check is then written—this is a machine operation—and is mailed direct to the address the claimant has given.

Weekly benefit payments continue as long as the claimant is unemployed and continues to file claims, or until the claimant is reemployed, or until he exhausts the total amount he can claim in his first benefit year. This is 16 times his weekly benefit amount.



Fifth step—preparation of first pay authorizations. Here is where the authorization for a claimant's first benefit check is made. The illustration shows Ben Albritton, Supervisor (center) checking claims for payment, assisted by John V. Soden, Mrs. Carl S. Pugh, and Mrs. Nona J. Cowan.

Alternate Fifth Step. In the event that the Initial Determination Unit has found the claimant ineligible for benefits, or has figured that his weekly benefit amount in dollars and cents is not what the claimant believes it should be, he has the right to protest the determination, and to appeal for a hearing.

Sixth step—the benefit check is written. The issuance and mailing of the benefit check—the final step in the Unemployment Compensation process—comes when the Check Writing Group receives notification from the First Pay Authorization Unit that the worker has completed a compensable week of unemployment. Writing the benefit check is a machine operation. Here is Macon Becton, running one of the Commission's eight check-writing machines.

(All pictures on pages 110 and 111 by R. C. Yates, Jr.)

Notes On U. C. C. Operations

IF DEPRESSION COMES

With North Carolina undergoing reconversion, the State's unemployment insurance fund of over $105,000,000 can prove a strong defense against economic upset, both for the community and for those workers who may be laid off. For instance: (1) unemployment insurance could pour as much as $52,951,680 back into the state's stream of commerce over a period of about four months. This flow, of course, would not be kept up over any prolonged period.

(2) Butchers, bakers, grocers, landlords, milk companies, and other purveyors of the necessities of life would find this income a good initial cushion against a possible depression period.

(3) Unemployment insurance could make up about 52 percent of the wage loss that insured workers would suffer through plant shut-downs for brief periods. This percentage would decrease greatly with prolonged unemployment.

Under the North Carolina unemployment insurance law, weekly cash payments are made to jobless workers who come under its protection—and most workers in business and industry are protected, provided they work for firms employing eight or more persons. Not protected by the Unemployment insurance law are agricultural and domestic workers, government employees, and employees of non-profit organizations.

Unemployment insurance payments may run for as long as 16 weeks and may amount to as much as $20 a week, provided the worker has earned enough "credits" while he was employed. The average benefit amount is expected to be about $12 a week, and nearly all insured workers will be eligible for the maximum duration of benefits provided by the North Carolina law.

Approximately 551,595 workers in North Carolina hold jobs protected by unemployment insurance. Their estimated yearly wages total $829,755,392, or about $15,956,834 a week. If ten percent of them, or 55,158 workers, were laid off it would mean that wages amounting to over $1,595,683 a week would stop. If 20 percent were laid off, the wage loss would come to more than $3,191,000 a week.

This wage loss would soon be reflected throughout the state's whole economic system and a small-sized depression might get underway.

Unemployment compensation payments to jobless workers, however, will do much to counteract any downward trend. If 20 percent of the workers are laid off and are qualified for unemployment benefits, their weekly payments might total $1,654,740, or 51.9 percent of their weekly wages, and a substantial cushion for them and for the community as well. If 40 percent were laid off, unemployment insurance would pour $3,309,480 a week into the county trade channels through the workers' spending for the necessities of life. Thus unemployment insurance could pour more than $52,951,680 back into the state's stream of business in about four months.

The butcher, the grocer, the landlord, the milkman, the baker and all others who supply the daily needs of life would be the first to feel any marked decrease in the county's payroll—and they would benefit most quickly from the unemployment insurance payments made to their customers. Since the North Carolina law limits benefit payments for total unemployment to 16 weeks, the unemployment compensation stream would diminish steadily if substantial numbers remained unemployed over long periods.

Unemployment insurance payments would go only to eligible workers who are willing and able to work, if jobs are available. They would be required to register for work every week, and accept referrals to suitable jobs. Thus business and industry are assured of a ready labor supply, as its plans for new work take shape.

During 1944, unemployment insurance payments in North Carolina reached their lowest level. Only $325,047 was paid out in benefits. The highest level was attained in 1938, the first year that unemployment insurance went into effect in this state, when $8,159,163 was paid out. The following table shows the trend since then:

1939	$4,256,854.00
1940	4,380,305.00
1941	3,314,228.00
1942	2,781,927.00
1943	592,334.00
1944	325,047.00

Payments in 1945 to the end of June totaled $139,119.00. In the readjustment period ahead, the figures are expected to rise.

CHANGES REFLECTED IN THE ACTIVITIES OF THE U. C. C. AFTER V-J DAY

It is not yet possible to know the extent of unemployment in this postwar period nor the part unemployment compensation must play to meet and bridge the period of adjustment, adequately avoiding both encouraging unemployment by doing too much, and doing too little as a result of underestimating the instability now present in the world and the difficulty of bringing about normal working conditions after everything has been thrown out of balance by the war. However, changes in the employment situation have occurred immediately after the end of the war and can be shown by the number of claims for unemployment compensation, by the checks written, and by the fund balances.

Whether these changes appear to be great or small depends on the period used for comparison. They appear great if the times immediately before and after the end of the war are compared, and small if viewed over a longer period such as 1938 to 1945, or when one considers the decrease in the fund balance for unemployment compensation.

TABLE I

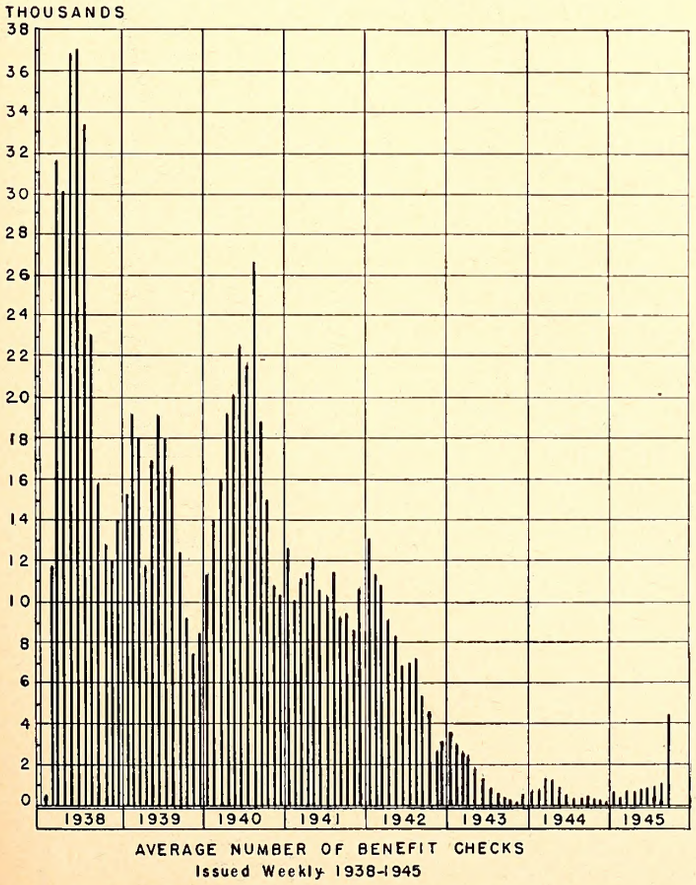
ACTIVITIES SIX WEEKS BEFORE AND AFTER V-J DAY IN THE U.C.C.

1945	Initial Claims Received	Contin. Claims Received	No. of Checks Issued	Amount of Checks Issued	Fund Balance
July 1-15	969	2,619	1,840	19,477.00	100,481,534.24
July 16-31	995	3,477	2,402	25,280.87	103,741,059.06
August 1-15	753	3,679	2,051	24,129.50	104,674,821.87
August 16-31	5,104	5,207	2,384	30,858.50	104,678,592.16
September 1-15	5,502	16,535	5,801	81,345.00	104,619,494.53
September 16-30	2,823	15,085	13,723	201,579.00	104,431,683.76
Average for the months Jan.-Aug.	1,925	5,559	3,424		
September	8,325	31,620	19,524		

Readjustment allowances are not included in these data.

In the first half-month period after the end of the war there was already a marked increase in initial and continued claims for unemployment compensation. Initial claims rose from 753 to 5,104; continued from 3,679 to 5,207. Continued claims showed a greater increase, rising to 16,535, in the first half of September. As there is a waiting time for all claimants, the number and amount of checks did not increase immediately, but during the month of September.

The number of checks increased from 2,051 (first half of August) to 13,723 (last half of September) and the amount paid for these periods from $24,-129.50 to $201,579.00. A decrease in the fund also occurred in the month of September. The fund balance reached its highest point in August 1945, ending a period of constant expansion for the past several years with $104,678,592.16. By September 30, 1945, it had decreased to $104,431,683.76. The total decrease of $246,908.40 equals 0.2 percent of the highest fund balance.



AVERAGE NUMBER OF BENEFIT CHECKS
Issued Weekly 1938-1945

Comparing the data over a longer period of time, the present increase of unemployment appears to be small. This is clearly shown by the accompaning chart which shows the average number of weekly checks issued for months between 1938 and September 1945. We see an upswing in the number of checks in August, 1945, 1,031 against 987 checks issued in the prior month. But even the highest weekly average of this year, 4,540 payments in September is on the same level as in the end of 1942, and considerably below the highest yearly average of 21,617 checks issued in 1938.

E. V. GLASER.

PAYMENTS TO N. C. VETERANS $951,207.00—FIRST YEAR OF G. I. READJUSTMENT ALLOWANCES

Tarheel veterans collected $951,207.00 in readjustment allowances under the G. I. Bill of Rights during the first year such financial aid has been available. However apparently most ex-servicemen and women are finding employment quickly, returning to former jobs or taking a vacation, since scarcely more than one in ten of them have filed claims for readjustment allowances.

The payment of readjustment allowances to veterans for weeks of unemployment was begun in September 1944. The Unemployment Compensation Commission takes the claims through the local employment offices and writes the checks in North Carolina, and is reimbursed by the Veterans Administration. Claims for the allowances to which self-employed veterans have been entitled since October 1944, when their net earnings fall below $100 in a calendar month, are also handled by the Commission, although payments are made directly by the Veterans Administration.

While approximately 50,000 servicemen have already returned to North Carolina, in the first twelve months of G. I. operations the Commission received claims for readjustment allowances from only 4,901 unemployed veterans. Many of them have drawn checks for a number of weeks of unemployment, but most of them have not had occasion to draw payments for long periods and very few have exhausted the number of payments for which they are eligible. Currently, 1,091 veterans are drawing these allowances for unemployment.

The allowances of $20 a week, less any earnings of more than $3, are payable up to a maximum of 52 weeks, depending on the length of the veterans active military service. The number of checks written by the Commission increased rapidly during the first five months, but has remained fairly constant since January. During no month so far have there been as many as 5,000 payments. The year's total of checks paid was 35,000, amounting to $696,491.00.

Veterans engaged in self employment are entitled to allowances amounting to the difference between

their net earnings in a calendar month and $100. The Commission has received claims for such allowances from 733 veterans, most of whom have filed claims for three or four successive months. The occupations of these veterans represent a wide variety of trades and crafts, but the majority by far are farmers. Payments made to them by the Veterans Administration have amounted to $254,716.00, bringing the total of readjustment allowances paid in this state to $951,207.00.

READJUSTMENT ALLOWANCES

MONTH	New Quital Claims	No. of Checks Written	Amount Paid	Self-Employment		
				First	Addit.	
September, 1944	303	245	4,848.00	0	0	
October	337	956	18,981.00	0	0	
November	430	1,751	34,794.00	17	0	
December	404	2,495	49,708.00	15	3	
January, 1945	366	3,802	75,715.00	29	24	
February	355	3,002	59,705.00	48	60	17,683.00
March	356	3,626	71,980.00	83	178	23,434.00
April	327	3,268	65,061.00	91	275	35,311.00
May	337	3,393	67,439.00	104	398	45,569.00
June	417	3,603	71,686.00	165	451	45,434.00
July	555	4,148	82,623.00	138	490	45,141.00
August	714	4,711	93,951.00	43	479	42,144.00
TOTAL	4,901	35,000	696,491.00	733	2,358	254,716.00

PROSPERITY IN 1929 COMPARED WITH 1940

It is natural to think of 1929 as a peak in the business cycle, for it was the most prosperous year in our history up to that time. Likewise, we are apt to consider the period between 1929 and the outbreak of World War II as below the average, certainly not approaching the high peak of 1929. Yet a little examination of employment, wage, and industrial production data will disclose that by 1940 the nation had nearly reached the height of 1929 and North Carolina had exceeded it.

For instance in 1929 total wages and salaries amounted to 45 billion dollars, paid to approximately 32 million workers in the nation. In 1940 the payroll, which dropped to less than 24 billion dollars in 1933, had risen to 42 billion dollars paid to approximately 31 million workers, and the national index of industrial production which reached 110 in 1929, base 1935-1939 average equals 100, and dropped to 69 in 1933, had more than regained the 1929 high peak by 1940 and stood at 125.

Reliable data on employment and wages for North Carolina in 1929 are not at hand; however, the index of general business conditions as measured by the indicators included in our North Carolina Business Index for 1929 was 112.09, or 2.09 percentage points above the national index of industrial production, and the North Carolina index of textile production, our basic industry, as measured by cotton consumption, stood at 115.16 percent of the 1913-1939 trend.

By 1940 textile production in North Carolina which sagged to 79.58 in 1932, had more than recovered its loss. The index of 118.68 was 3.53 percentage points above the 1929 peak of 115.16, and the general index of business was 119.70, 7.61 percentage points above 1929.

Moreover, the prosperity of 1929 was largely on paper and could not be turned to account when the tide turned, and living costs in 1929, base 1935-1939 average, were 122.5 compared to 100.2 in 1940.

Bringing the data up to date, it will be found that we entered the war with business conditions equal to or surpassing our most prosperous preceding year. In 1944 we paid 84 billion dollars in wages to about 38 million workers, or nearly twice as much as in the boom year of 1929, yet living cost in 1944, according to the Federal Reserve Board's index was 125.5, or only 3 percentage points above 1929.

It is clear, therefore, that, while price control has prevented any dangerous inflation of commodity prices, we are in the midst of a violent inflation of wages, the economic importance of which lies in the irregularity of the distribution of the increase. Severe maladjustments are bound to develop when, in a short period of four years, workers in manufacture receive a wage increase of 72 percent, while those engaged in distribution got an advance of only 32 percent, and those employed in service industries generally much less.

REPORT ON CHANGES IN EMPLOYMENT AND WAGES 1940-1943-1944

Postwar readjustments will be difficult in those areas producing materials which could be used only for the prosecution of the war, especially where it has meant new plants and new machinery. Extreme increases in wages will add to the problem.

Fortunately, for the problems immediately ahead, there are few areas in North Carolina in which industrial production has been of the type used exclusively for war purposes, most of the contribution by this state being in consumer goods, which has meant only an expansion of prewar production. The return to North Carolina of servicemen and workers who have migrated to other states, will keep this local consumer demand at high level, while world shortages will greatly increase prewar expert demands. It seems probable, therefore, that except for the occupational readjustment of those employed in plants devoted to munitions manufacture, aircraft construction, and transportation equipment, there should be few layoffs in this state. Doubless, many of the older workers and women workers will retire from the labor market, providing opportunities for servicemen and returning workers from other states.

As an aid to those charged with the responsibility of finding employment for this large segment of our labor force we have prepared a tabulation of the number of employers in each county in 1944, the average number of workers and wages for each industry in each county. A comparison of these data with similar figures for 1943 and with our bulletins previously issued showing the changes in employment by counties from 1940 to 1942 should furnish information as to where the problem will be most acute and also indicate where one should look for employment opportunities.

In addition to the above, we have prepared a summary by regions, offices and counties, showing the number of employers in 1940-1943-1944, the changes in employment from 1940 to 1944, changes in employment from 1943 to 1944, changes in total wages

paid from 1940 to 1944, changes in the average weekly wage from 1940 to 1944. From this summary, it will be seen that in 1944 we had 76,903 more covered workers employed than in 1940, but 27,565 less than in 1943. In a number of counties covered employment was less in 1944 than 1940 and in nearly all counties it was less in 1944 than 1943.

Total wages paid increased from 1940 to 1944 by 92.7 percent and the weekly wage has increased from an average of $17.44 in 1940 to $28.92 in 1944. The greatest relative increase in wages occurred in the Coastal Plain wheret shipbuilding concentrated.

The next greatest increase in both total wages and average weekly wage, occurred in the Piedmont Plateau. In the Mountain Region the increase was less noticeable.

INTERSTATE CLAIMS

Because of the increasing importance of interstate claims as a measurement of the number of workers returning from other states and problems that will be created thereby in connection with paper work and the placement of returning workers, our monthly report of TRENDS beginning with August will show separately the number of interstate initial and continued claims taken in each office as an aggregate and also as a percentage of the total initial and continued claims. This will give us some idea of the geographic distribution of our returning workers and the problems to be faced in finding employment for them.

Keeping Up With Industrial Expansion and Contraction *

It will be obvious that the ability of the unemployment compensation agencies to meet promptly and efficiently the emergencies which arise out of changes in the character of the labor market centers around two fundamentals, personnel and planning.

PERSONNEL

The first logical step in any undertaking is the development of a well conceived plan, but since intelligent planning is impossible without some knowledge of the tools that will be available, it is essential for the purpose of this discussion that the question of personnel be first considered, at least in its broadest relation to planning.

It is a waste of time to make plans either for Central Office or field operations unless there is some assurance that the Agency will have, first, complete control over personnel, and second, will have full jurisdiction and sufficient budgetary control to permit it to build up and maintain an organization that will be adequate.

It can hardly be said that either one of these conditions is being met under the present administrative policy of the Social Security Program. With respect to the first, control of personnel, it will be admitted by everyone that the same conditions which produce the highest claim load also create the greatest need for emphasis on placement facilities. It was for this reason that the functions of the state employment services were consolidated with those of unemployment compensation, to the end that the efforts of each might be coordinated toward a single aim—the earliest possible restoration of the claimant to work status and the prompt payment of benefits. This coordination was lost in the transfer of local office personnel to Federal jurisdiction.

No intelligent planning for future operation can be done without some knowledge of the eventual disposition of the Employment Service. Certainly, no efficient and economical administration can be achieved for the closely inter-related functions of benefit payments and placement service, so long as there is dual administration.

An example is at hand in the survey of a sample of 916 North Carolina claimants in February 1943, at a time when placement opportunities were at a high level. Of the 916 claimants in the sample, 52.3 percent had been drawing benefits for more than four weeks when the sample was drawn. During the month in which the survey was made only 261 claimants, or 28.5 percent, were offered jobs, and only 19, or two percent, were placed. In the national survey, which included 43,000 claimants the ratio of those placed through USES or the efforts of the claimants themselves was said to be 10 percent, but since of those placed six percent were rehired by former employers, it could be assumed that the national ratio of placements by USES were not more than four percent.

Those familiar with the Employment Service records during 1935-36-37, when it was necessary to go out and hunt up job openings, will recall that the ratio of private placements to registrations averaged from 20 to 33 percent. The State Employment Service was loaned in good faith to the Federal Government for the duration of the war. The need for conservation of manpower virtually terminated with the end of the European war. With the cancellation of war contracts and military releases the manpower shortage should decline, and since the personnel of the Employment Service will be needed more than ever before for the performance of those functions for which it was created, it is not too early for the Governors of the States and heads of administrative agencies to take vigorous steps toward the restoration at the local level of service to both the employer and the unemployed. Until this is accomplished, any plan to serve the public during periods of industrial expansion or contraction is bound to be both uneconomical and administratively unsound.

Expansion and contraction of industry means the

*Adapted from a talk by Silas F. Campbell, Chief of the Bureau of Research and Statistics before the Regional Conference of Employment Security Agencies, July 1945.

difference between an employers' labor market and a workers' labor market. The history of the United States Employment Service as a federal institution shows it has been successful and has received support only in a workers' labor market—when labor was scarce, and jobs were plentiful. In 1918 it got under way with conditions somewhat similar to those which have characterized this war period. It was said that with 11 million jobs only four million workers could be found to fill them. Against such a background, the national service flourished under an avalanche of propaganda and favorable sentiment.

With the Armistice, however, and a return to an employer's labor market, when employers could hire all the labor they needed at the gate, interest in the national organization immediately waned, and it folded up, except in the largest industrial centers. In 1933 when the depression again created an employers' market and it was necessary to scour the woods to find a job, it was also necessary to reorganize the Employment Service at the state level in order to obtain effective results. When the country again enters an employers' labor market, there will be a demand for an Employment Service that is anchored in the grass roots of every community in the land, one where the chief interest is to find jobs for the unemployed.

Then, there is the question of unemployment compensation personnel. During the fiscal year ending June 30, 1944, the labor turn-over in the Unemployment Compensation Commission of North Carolina was 41.0 percent, only 4.5 percent of which was for military leave. Practically all of the remaining separations resulted from offers of more attractive wages. It is hardly conceivable that an agency could function efficiently in such a situation, nor can it be expected that personnel will remain in a job indefinitely against their own personal interests.

The second prerequisite to sound planning is a recognition by the budgetary control that the cost of administration cannot be expected to follow a decline in the claim load below what would be required to meet average conditions, for certain operations are not materially affected by such decline. This is particularly true of the administrative branch, the Bureau of Research and Statistics, and the Accounting Department.[1]

[1] The volume of administrative work required under high and under low claim loads is little different, calling mainly for a shift in emphasis. Nor do such fluctuations materially lessen the work of the Bureau of Research and Statistics. The same types of reports, and the same amount of analysis work are required in both cases, if the Agency expects to have continuity in its records, and without which a statistical program is of little value. An alert statistical staff will find in any temporary lull a fine opportunity to make special studies and assemble data that can be used administratively for both long and short range planning.

The total volume of work in the Accounting Department, likewise, is not materially lessened by a decline in claims. In periods of low claims activity, employment levels are high, the volume of wage processing work is increased, the number of active accounts generally increase, and contribution reports require more attention than during periods of low-level employment. In periods of high claims activity the burden of the check-writing and addressograph units is increased without materially lessening the work of the receipts section.

The two areas most vitally affected by expansions and contractions are the Central Office Claims Department and the Local Offices. The ability of these two branches to function efficiently under extreme conditions depends upon the ability of the administrative branch to establish a flexible budget. No treatment will make two efficient clerks grow where one grew before without feeding them financial harmones. When the Employment Security Bureau, with all of its responsibilities for efficient administration, has little voice or authority in fixing the budget of the unemployment compensation program what is needed is greater decentralization—not more regimentation.

PLANNING

Assuming that budgetary and personnel problems have been successfully met, the administrative agency is then in a position to do some effective planning.

The amount of paper work necessary in connection with non-compensable claims might be reduced. A study of the North Carolina records over a 66-month period disclosed that an average of 38.7 percent of all claims were not compensable, and of the rest, only 52.8 percent actually drew benefits. If only 32.4 percent of those who file claims become beneficiaries, it seems worth while to investigate the possibility of minimizing this paper work by a decentralization in the benefit payment structure. The problem has been partially met in some states by the submission of initial claims directly to the Central Office for determination of eligibility on a basis of earnings. The claim for the first compensable week is channeled through the Local Office. Another possibility of reducing paper work lies in the elimination of waiting period continued claims, and by requiring the claimant merely to sign the claim record card in the Employment Office.

A prime requisite to sound planning is knowledge of the industrial background of city and county. Except for the fact that industry classification codes have been changed three times since 1933, (a fourth is now on the way) a Bureau of Research and Statistics should be able to provide a wealth of information on the industrial and geographic distribution of the labor force, and a seasonal index for each industry based on at least five years experience. It should also be able to present monthly an annual trend data by industry groups which will aid in making personnel adjustments. Under normal conditions this should be sufficient for dealing with the personnel problem in local areas.

In North Carolina, industry is scattered in small towns in most of its 100 counties. When industry is concentrated, the more rural areas may be provided with service one day a week while adequate staffs are built up at points of greatest activity. This is less practicable in North Carolina with it 94 towns having a population of more than 2,000, scattered throughout the State, and only one city of 100,000.

North Carolina has served largely as a reservoir of labor for other states and now has a quarter of a million workers scattered throughout the nation,

with only about 100,000 workers from other states in North Carolina. Probably many of these workers now in other states will eventually have to be reorientated into North Carolina's industrial program.

Studies made give little cause for alarm with respect to the disposition of the present labor force in North Carolina. Increased employment has been mainly in the production of consumer goods, and from the standpoint of employment little more than the prewar trend. Much of the increase has been due to modernized methods and extension of the work week. For instance, textile production, the base industry, has increased during the last four years by 36 percent with an increase in employment of only 16 percent. The real test will come with the return of more than 300,000 service men, and a possible net increase in the labor force of 150,000 by the return of war workers to North Carolina.

Should it become necessary to find employment for that portion of the service men who were inducted from covered employment, and for 100,000 war workers returning from other states, (assuming that 50,000 either do not return, or go back to agriculture or non-covered employment) and should the rate of increase in employment continue at the rate it has since 1931, is would require nine years to absorb this surplus bringing covered employment to 800,000.

The G. I. Bill disposes temporarily of the problem connected with veterans benefits, but the problem will not be completely solved until they are again fitted into industrial life. A recent study indicated that 29.0 percent of those inducted had an agricultural background, that 42.9 percent came from covered employment and 28.2 percent from schools, professions and other non-covered employment. These ratios differ for each of the 100 counties.[2]

Another administrative aid is a monthly index of industrial production, trade, finance, and general business conditions at the state level, which is comparable to the Federal Reserve and U. S. Department of Labor indexes at the national level.[3]

A check on industrial trends, however, is not sufficient for the efficient administration of our program. There is a continuous increase in the potential labor force in this country, and particularly in North Carolina where a birth rate in 1942 of 25 per thousand is 19 percent higher than the average for the United States. Industrial expansion and increasing unemployment are therefore possible at the same time.

This rate of increase in our labor force since 1940 has probably been greater than ever before because of the entry into the labor market of large numbers of women workers and of youths ordinarily in school as well as many older workers. Even a normal increase in the labor force has a specially serious import during periods of industrial contraction. Its effect on unemployment is compounded by the release of workers on the one hand the addition of new workers on the other. For this reason statistical analysis of the business cycle show that the recovery from a depression is much slower than the decline into a subnormal condition.

Looking to the expansion of private industry, it is not consoling to find an industrial expansion of 15 percent with a labor force 25 percent greater than in 1940. Herein lies the larger problem.

The average non-agricultural labor force in North Carolina during 1944 was 707 thousand, an increase of 23.4 percent over 1939. Average covered employment in 1944 was 551,575, an increase of only 19.3 percent over 1939. It is seen that the labor force increased during this five-year period faster than the rate of increase in covered employment.

Therefore, even in North Carolina, where unemployment has been relatively 20 percent below the national average for the past ten years, industry, with all the buoyancy of war support, has not kept pace with the increasing labor force. Where are these workers now? The decrease in covered employment from 1943 to 1944 is not reflected by the change in claim load. Apparently they were drained off to fill jobs in other areas or drawn into military service and have not been returning quickly enough to fill immediate job openings. But when all returning war workers and released veterans are added to the present labor force, the full size of the future industrial problem begins to take shape.

The problems of benefit payment and of placement are inseparable. No comprehensive plan, less than a complete revamping of the system, can be laid until the question of jurisdiction over the Employment Service is settled. Keeping up with industrial expansion and contraction may then be resolved around the availability of trustworthy data, a flexible budget and an efficient training program, one that will equip personnel, not only for the routine matters of claims taking and job referral, but also for an intelligent analysis of local trends.

[2] For the purpose of an over-all picture of possible post-war unemployment, exclusive of migratory workers, the county ratios were applied to the aggregate figures on inductions by counties and the totals combined with those representing increases in covered employment from 1940 to 1943, the result being the maximum unemployment expected in each county.

[3] Where the Federal index has one base, North Carolina provides two indexes, one based on the 1935-39 average seasonally adjusted and the other on the long-time trend, some series going back to 1913. This index, which is prepared monthly by the Bureau of Research and Statistics, gives a clear picture of monthly, annual and long-range trends, and provides a basis for estimating the capacity of industry to absorb the increasing labor force.

[4] The 1943 survey indicated that five percent of all claimants were 65 or over. In the years immediately following the last war our North Carolina birth rate jumped from 24 to 33 per thousand, an increase of 37.5 percent. That increase is just now being reflected in our expanding labor force, and we may expect a similar increase following this war.

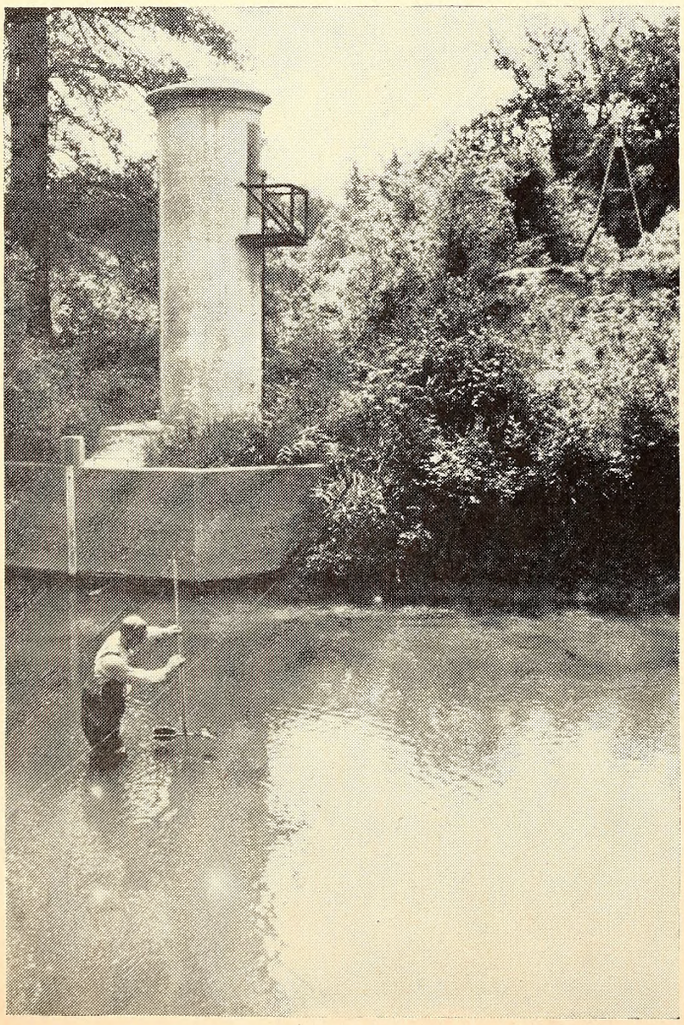
North Carolina led the nation in increase in farm real estate values during the past 30 years, according to estimates released by the federal and state departments of agriculture. Farm real estate worth $100 per acre in North Carolina 30 years ago now is valued at $224.

UNEMPLOYMENT AND WOMEN

Of the 5,138 weeks of unemployment compensated in August in North Carolina, 82 percent of them covered payments to women workers. In September the ratio was 85 percent. The problem of unemployment in this post-war period for women is expected to increase largely because most of those who will be released will represent women who entered the labor market during the war and acquired skills for which there will no longer be a demand. Leaders of women's business, professional and industrial groups are seeking to rally millions of women in a drive to obtain peacetime jobs for all women who want to work.

Different surveys have shown that women regularly employed in industry want to work and that the majority of them have to work to support themsalves and their dependants. However, manufacturers are afraid there will be a scarcity of jobs and they won't have enough for the veterans if the women continue their work in the business world. Many feel that the woman's place is in the home.

The National Women's Trade Union league, whose aim is to serve the interests of wage-earning women through legislation, education of workers, collective bargaining and other fields, have launched a program urging its membership to support "four freedoms" for women workers:



Wading measurement being taken in Middle Creek.

1. The right to work regardless of need.
2. The right to equal pay.
3. The right to uniform seniority.
4. The right to legal safeguards.

By this proposition, the three million women in labor unions seek to protect themselves against unemployment. But women displaced from war production work are a particular problem for re-employment. For many of them, skills acquired in wartime are no longer demanded—especially of women—hence the high female percentage of weekly compensation checks.

WATER

While many persons think of water as something to drink or in which to take a bath, or with which to water a lawn, it has become an increasingly important ingredient in manufacture, and the abundance of water and its relative purity is often the deciding factor in locating an industry. Certain textile, chemical, pulp and other industries use an enormous quantity of water.

Most valuable natural resource of mankind—atmosphere alone excepted—is plain old H_2O. Civilizations wax and wane according to its flow and chemical content, and even more than soil or climate it determines the living patterns of a people.

The first recognition of the importance of keeping a record on water was among the ancient Egyptians, where taxes were fixed according to the rate of overflow of the Nile. Now more scientific—and more valuable—records are kept by modern water witches, and their findings have tremendous effects on your daily lives.

Rate and speed of run-off, amount of water stored in the ground, relative purity of water, the probabilities of floods—all these matters lie within the scope of the Water Resources Engineering Division of the N. C. Department of Conservation and Development, co-operating with the U. S. Geologic Survey.

The record-takings may also reveal whether a community can continue to grow or not, and they also often tell a farmer whether he can depend upon his well during the summer, or the probabilities of high water in his low fields.

Picture shows typical work of a modern water witch.

NEW POSTER

A new poster—*Certificate of Coverage and Notice to Workers*—has been distributed to all manufacturing plants and business establishments throughout the state which report to the Unemployment Compensation Commission. This was done in accordance with an amended section of the Law (Sec. 96-15), subsection (a) Ch. 96, General Statutes of North Carolina, 1945 which reads as follows:

"Each employing unit shall post and maintain in places readily accessible to individuals performing services for it printed statements, concerning benefit rights, claims for benefits, and such other matters relating to the administration of this chapter as

Honor Roll for Industry

Forty-eight firms in North Carolina have won military and national awards for their outstanding accomplishments during the period of this country's war effort. These awards of merit cover production of war materials and the performance of services in many different fields. Respect and applause are due both the management and the workers of these companies for the contribution they have made in bringing honor to this state's industry.

Perhaps the most celebrated award is the "E" pennant bestowed by Army and Navy authorities for excellence in the quality and quantity of production, regardless of the size of the plant. The "E" was won by thirty-six manufacturing concerns after consideration had been given to such factors as the kind and amount of production on war contracts, the ratio of war production of other outputs, the quantity produced in terms of available facilities, ability to overcome such obstacles as construction changes, material shortages, maintenance of equipment, cooperation on the part of the management, and health and safety provisions for the working force.

Alike in character are the Maritime Commission's "M" to the North Carolina Shipbuilding Company and the Army Signal Corps citation to the Southern Bell Telephone and Telegraph Company given for similar achievement in dissimilar enterprises. More recently the Quartermaster General has presented the Southern Fruit Company of Charlotte, with a Certificate of Merit for supplying perishable foods to the Army and Navy and helping to make the U. S. military forces the best fed in world history.

The United States Office of Civilian Defense presented national security awards to firms which demonstrated a superior standard of plant protection and security of service during war time. Among others in North Carolina, these awards went to two firms, the National Munitions Corporation of Carrboro, and the Southern Bell Telephone and Telegraph Company which had already won military honors. Now comes another type of safety award, in the Accident-Prevention Flag given by the Liberty Mutual Insurance Company to the Duchess Throwing Company in Statesville in recognition of the completion of 1,038,465 man-hours of work without a lost-time accident since March 1, 1941.

Mention should also be made of the "National Service" flag awarded by the War Production Board to the North Carolina Prison Department for outstanding contribution in the nation's war effort through its various work shops.

Credit for being the first plant to win a war-production award goes to the Chatham Manufacturing Company of Elkin, with its "E" in August, of 1942. And mention should be made that this company together with many of the others that complete our Honor Roll won not only a first, but second and successive awards, as they continuously maintained the "E" standard of production.

AWARDS TO NORTH CAROLINA FIRMS

COMPANY	PLACE	PRODUCT	Date of First Award
Army-Navy "E"			
Acme Spinning Co.	Belmont	Textile products	1945
American Optical Co.	Asheville Branch	Instruments	1944
Barnhardt Manufacturing Co.	Charlotte	Surgical bedding	1943
Blue Bell Manufacturing Co.	Greensboro	Field trousers	1944
Blythe Brothers Co.	Charlotte	Camp Lejeune (Const.)	1943
Burlington Mills	Burlington	Textile products	1943
Carolina Aluminum Co.	Badin	Aluminum	1943
Caroline Steel & Iron Co.	Greensboro	Metal products	1944
Chatham Manufacturing Co.	Elkin	Blankets	1942
Corbett Co.	Henderson	Trucks	1945
Cramerton Mills	Cramerton	Cotton yarns	1942
Dave Steel Co., Inc.	Asheville	Ship parts	1944
Dayton Rubber Co.	Waynesville	Shell loading	1944
Edwards Company	Sanford	Engines	1942
Ethyl-Dow Chemical Co.	Wilmington	Bromine	1944
Firestone Cotton Mills	Gastonia	Tire fabric	1944
Firestone Textiles, Inc.	Gastonia	Tire fabric	1945
Goode Construction Co.	Charlotte	Camp Lejeune (Const.)	1943
P. H. Hanes Knitting Co.	Winston-Salem	Underwear	1942
Harrison Wright Co.	Charlotte	Camp Lejeune (Const.)	1943
J. A. Jones Construction Co.	Charlotte	Camp Mackall (Const.)	1943
Marshall Field & Co.	Spray	Woolen goods	1943
Mount Airy Knitting Co.	Mount Airy	Underwear, socks	1945
National Munitions Corp.	Carrboro	Ammunitions	1944
North Carolina Finishing Co.	Salisbury	Textile products	1944
Peden Steel Co.	Raleigh	Landing barges	1944
Proximity Manufacturing Co.	Greensboro	Denim	1943
Proximity Cotton Mills			
Proximity Print Works			
White Oak Cotton Mills			
Revolution Cotton Mills	Greensboro	Army twill, flannel	1943
Rowan Cotton Mills	Salisbury	Textile products	1945
Sidney Blumenthal & Co.	Rocky Mount	Cotton duck, alpaca	1945
Sidney Blumenthal & Co.	Wilson	Cotton duck	1945
Southern Hosiery Machine Co.	Valdese	Socks	1943
U. S. Rubber Co.	Charlotte	Shell loading	1944
H. B. Williams	Stovall	Furniture materials	1945
Wright's Automatic Machinery Co.	Durham	Fire Control Instruments	1943
Maritime Commission "M" and stars			
N. C. Shipbuilding Co.	Wilmington	Liberty ships	1942
Army Signal Corps Citation			
Southern Bell Telephone Co.	All N. C. exchanges	Communications	1943
Quartermaster General's Certificate			
Southern Fruit Co.	Charlotte	Supplying perishable food stuffs	1945
Accident Prevention Flag			
Duchess Throwing Co.	Statesville	Over 1,000,000 hours without lost-time accident	1945
National Security Awards			
Carolina Container Co.	High Point	Maintaining safety standards	1944
Carolina Power and Light Co.	Raleigh	"	1944
Ecusta Paper Corp.	Pisgah Forest	"	1944
National Munitions Corp.	Carrboro	"	1944
Southern Bell Telephone Co.	Exchanges in state	"	1944
Tidewater Power Co.	Wilmington	"	1944
Tomlinson Furniture Co.	High Point	"	1944
W.P.B. National Service Flag			
N. C. Prison Dept.	Raleigh		1943

the Commission may direct. Each employing unit shall supply to such individuals copies of such printed statements or other materials relating to claims for benefits as the Commission may direct. Such printed statements and other materials shall be supplied by the Commission to each employing unit without cost to the employing unit."

The new poster replaces all former ones sent out previously by the Commission—and high time too, since many of the old ones even in the most favorable locations have suffered from the ravages of time.

Together with the new poster, employers have been furnished with a supply of leaflets to be used as payroll enclosures, in order to call to the attention of their employees the protection afforded them by unemployment insurance coverage. The leaflet was prepared in response to requests from several of the state's larger employers for informational material of the kind.

Publications of Unemployment Compensation Commission of North Carolina

Biennial Report, 1936-1938.

Biennial Report, 1938-1940.

Biennial Report, 1940-1942.

Biennial Report, 1942-1944.

Annual Report, 1937. (Mimeographed.) Out of print.

Annual Report, 1938. (Mimeographed.) Out of print.

Annual Report, 1939. (Mimeographed.)

Annual Report, 1940. (Mimeographed.)

Annual Report, 1941. (Mimeographed.) Out of print.

Unemployment Compensation Law as amended (1945).

Employment Security News (mimeographed—weekly), started in 1936 by the North Carolina Employment Service. Now issued jointly by the Unemployment Compensation Commission of North Carolina and United States Employment Service. Suspended Dec. 1944 for duration.

North Carolina Employment Security Information, Volume I, Numbers 1-12, 1941. (Discontinued.)

U. C. C. Quarterly, Volume 1, Nos. 1-4 (1942-3)
Volume 2, Nos. 1-3 (1944)
Volume 3, Nos. 1-2-3 (1945).

Rules and Regulations.

Index and Digest of Commission Decisions 1-600.

CIRCULARS AND FOLDERS:

Benefit Payments for Partial Unemployment.

Employer Experience Rating in North Carolina.

Information for Workers about Unemployment Compensation.

POSTERS:

Employer's Certificate of Coverage and Notice to Workers.

Notice to Workers—Partial Benefits.

Are You Protected?

STATISTICAL REPORTS:

(Current series, mimeographed.)

Business Activity in North Carolina as Reflected by Movements in Selected Indicators—Current Trends (monthly).

Unemployment Compensation Trends (monthly). This report began with June 1943, and succeeds three of the former monthly series reports:

(1) Summary of Claims Activity

(2) Summary of Local Office Operations

(3) Number and Amount of Benefit Payments, by Office (monthly).

Weekly Summary of Initial and Continued Claims Taken and Benefit Checks Distributed by Area and Office.

(Special Studies, 1944-1945)

Analysis of Benefit Formulas—1936-1939-1940—Alternates

Analysis of Claims with Benefit Years Ending in 1944

Changes in Employment and Wages 1940-1943-1944, by Regions, Office Areas and Counties

Changes in Covered Employment 1939-1942-1944, by Industry

Covered Employment and Wages 1944, by County and Industry

Effect of Demobilization on N. C. Employment and Unemployment Compensation

Experience Rating in N. C., 1945

Geographic Distribution of the N. C. Labor Force

Industrial Distribution of the N. C. Labor Force

Industrial Trends in N. C., 1940-1942

Industry Turn-over, 1943-1944

Post-War Unemployment

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(PAR. 13, SEC. 579, P. L. & R.)

THE U.C.C. QUARTERLY

VOLUME 4, NO. 1-2 WINTER-SPRING, 1946

Food Processing—A Growing North Carolina Industry

PUBLISHED BY

UNEMPLOYMENT COMPENSATION COMMISSION OF NORTH CAROLINA

The U. C. C. Quarterly

Volume 4; Number 1-2 Winter-Spring, 1946

Issued four times a year at Raleigh, N. C., by the

UNEMPLOYMENT COMPENSATION COMMISSION OF NORTH CAROLINA

Commissioners: Mrs. W. T. Bost, Raleigh; Judge C. E. Cowan, Morganton; C. A. Fink, Spencer; R. Dave Hall, Belmont; R. Grady Rankin, Charlotte; Dr. Harry D. Wolf, Chapel Hill.

State Advisory Council: Capus Waynick, High Point, Chairman; Willard Dowell, Raleigh; Marion W. Heiss, Greensboro; H. L. Kiser, Charlotte; Dr. Thurman D. Kitchin, Wake Forest; Robert F. Phillips, Asheville; Mrs. R. J. Reynolds, Winston-Salem; Mrs. Emil Rosenthal, Goldsboro; W. Cedric Stallings, Charlotte.

A. L. FLETCHER . . . . . *Chairman*
R. FULLER MARTIN . . . . . *Director*
MRS. FRANCES T. HILL . . . . . *Editor*

Regular Contributions in each issue from the

UNITED STATES EMPLOYMENT SERVICE FOR NORTH CAROLINA

Cover illustrations represent typical North Carolina industries under the unemployment compensation program.

Cover for Winter-Spring, 1946—Food Processing—a Growing N. C. Industry. Illustration shows a butcher in a frozen food locker plant cutting meat carcass for packaging and storage. During the war years the business of processing foods in North Carolina made considerable progress and its future development promises much for the State. In this issue of the Quarterly, Mr. Hillman Moody, Assistant State Director, Production and Marketing Administration, of the U. S. Department of Agriculture, discusses the growth, management and operation of various types of food processing plants.

Sent free upon request to responsible individuals, agencies, organizations and libraries. Address: U. C. C. Informational Service, Raleigh, N. C.

CONTENTS

	Page
Message from Cale K. Burgess	2
Resolution	3
Major Mayne Albright Back	4
The Employment Act of 1946	4
William D. Holoman	5
Wages in State Nearly Doubled in 4 Years	6
Realism Wanted	6
Minimum Wages for North Carolina	7
H. C. L. Comes Home	7
Social Security Outlines	8
Our Insurance Against Unemployment, By A. L. Fletcher	9
Additional Insurance Protection for Workers	11
California Legislates Disability Compensation	11
The Merit System in North Carolina State Government, By Frank T. DeVyver	12
Expansion of Food Processing Plants in North Carolina, By Hillman Moody	15
225 New Plants, Circumstantial Neglect, The Industrial Outlook	20
Readjustment Allowances for Self-Employed Veterans in Agriculture	21
Some Aspects of Economic Development in N. C. since 1900	26
The Law in Action, By R. B. Billings	27
Job Training for Veterans	28
Notes on U. C. C. Operations	29
1945 Review	
Unemployment Summary	
U. C. Taxes to be Reduced	
Changes in Average Weekly Wages	
U. C. C. Personnel Work Overtime	
On-the-job Training of Claimstakers	
Forecasting from Statistical Data, By S. F. Campbell	34

Colonel A. L. Fletcher, on April 30, before relinquishing his position as Chairman of the State Unemployment Compensation Commission to take the post of Readjustment Allowance Agent for the Veterans' Administration, issued this statement:

"The Quarterly has not carried announcement of the resignation of Mrs. Frances T. Hill who has been its editor for four years. She severs her connection with the UCC of North Carolina as of April 30, 1946, which is also my last day with the Commission. She has done all of the work on the issue of the Quarterly now going to press and the succeeding number, both of which will carry her name as editor. Mrs. Hill is quitting her position because of the press of personal and family affairs and she carries with her the sincere respect and high regard of her associates in this agency.

"Mrs. Hill has done a good job as Publicity Specialist and Editor of the Quarterly. This publication ranks as one of the best in the country and has been widely praised.

"Mrs. Hill will be succeeded by Mr. M. R. Dunnagan who returns to his old post as Senior Publicity Specialist (Informational Service Representative) of the UCC of N. C. He left the agency on January 1, 1942 when the Employment Service was transferred from State to Federal control.

"Mr. Dunnagan is an able and experienced newspaper man and has been continuously in newspaper and similar work before and since graduation from the University of North Carolina and the Pulitzer School of Journalism of Columbia University, New York City. He has seen service on the Winston-Salem Journal, the Charlotte Observer, the Asheville Citizen and other leading newspapers. Before he joined the UCC in January, 1937, he had been Raleigh correspondent for various North Carolina Newspapers."

A MESSAGE FROM CALE K. BURGESS, FORMERLY READJUSTMENT ALLOWANCE AGENT

Since my resignation as Readjustment Allowance Agent, I feel that it might be fitting to write a brief letter to express to you and your Organization my appreciation for the cooperation that I have received since I have been Agent.

Though the functions of the Agent bring him in daily close contact with the Agency and its personnel, I desire to say that during the sixteen months that I have been Agent all contacts and experiences with the personnel of your Organization have been completely pleasant. Throughout my services as Agent, there has not occurred with any of your personnel any incident or experience that has been unpleasant in the slightest degree. This happy experience bespeaks the high quality of your personnel.

While writing this parting message, I would like to mention another fact that in my opinion bespeaks the efficiency and high quality of your UCC Organization. As you know, Veterans, who are dissatisfied with the action taken on their claims by the

This is a letter from Cale K. Burgess, formerly Readjustment Allowance Agent for the Veterans Administration in North Carolina, to Col. A. L. Fletcher, former chairman of the UCC.

RESOLUTION

WHEREAS, Colonel A. L. Fletcher has resigned his position as Chairman of the Unemployment Compensation Commission of North Carolina to accept the position of Readjustment Allowance Agent of the Veterans Administration for the State of North Carolina; and

WHEREAS, the members of the Unemployment Compensation Commission have served for a number of years with Colonel Fletcher in an official capacity and desire to express their appreciation for his loyalty to duty, and assistance in administering the affairs of the Unemployment Compensation Commission, and wish to express their appreciation for his outstanding services, and to wish him continued success in his new undertaking.

Colonel Fletcher was appointed Chairman of the Unemployment Compensation Commission by Governor J. Melville Broughton, and began his term on July 1, 1941. Soon thereafter, he was called into the Armed Services of his County, and served for a period of two years or more. While away in that capacity, he was on leave of absence from his position as Chairman of the Unemployment Compensation Commission and returned during the Spring of 1945. Colonel Fletcher was reappointed at the expiration of his term on July 1, 1945, by Governor R. Gregg Cherry for a term of four years. Colonel Fletcher, who had planned to retire as Chairman of the Unemployment Compensation Commission on July 7th, his sixty-fifth birthday, conferred with Governor Cherry and secured his approval of his resignation effective May 1, 1946, to take the position as Readjustment Allowance Agent with the Veterans Administration for the State of North Carolina.

To Colonel Fletcher must go a large share of the credit for the progress of the Unemployment Compensation Commission, and for the building of a sound administrative basis for the program in this State. His departure means a loss to the State of North Carolina and to the Unemployment Compensation Commission of North Carolina, which will be keenly felt.

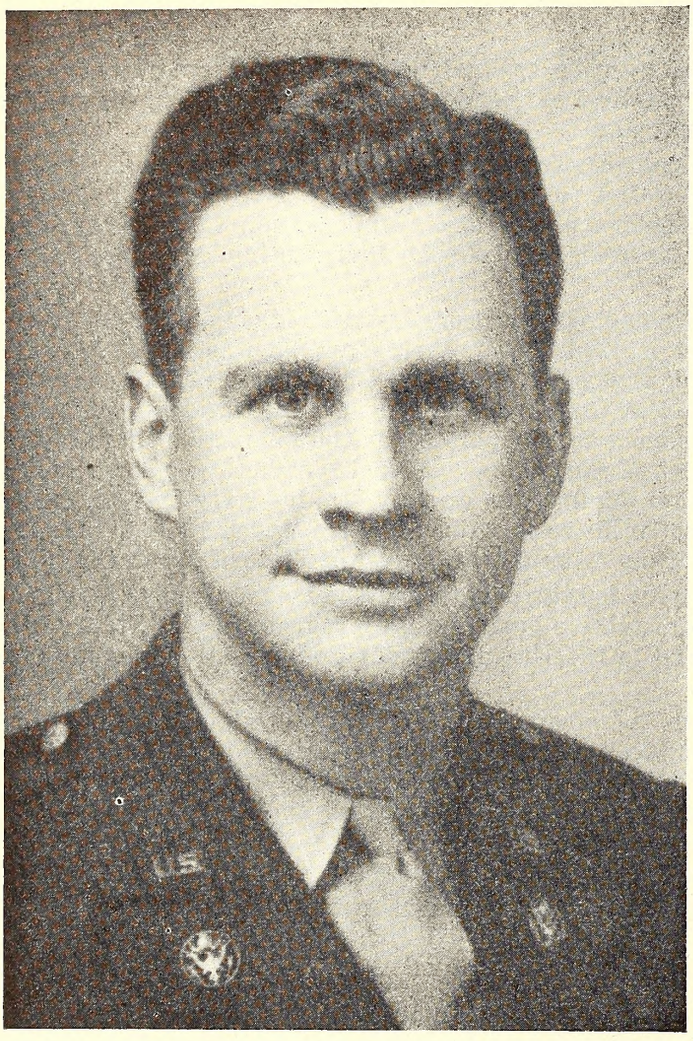
NOW, THEREFORE, be it hereby resolved that we, the members of the Unemployment Compensation Commission, express to Colonel Fletcher our high esteem, deep and sincere appreciation for his guidance as Chairman of the Unemployment Compensation Commission of North Carolina, and for his outstanding efforts in behalf of the furtherance of the unemployment compensation program in the State of North Carolina, and express to him our sincere regrets at his departure.

Bt it further resolved that a copy of this resolution be spread on the minutes of the Unemployment Compensation Commission of North Carolina, and a copy furnished to Colonel A. L. Fletcher.

Adopted May 1, 1946 by the Commission.

Agency, have the right of appeal to the Agent. I consider it to be a fact worthy of notice that throughout the twenty months that your Organization has been administering Title V of the G. I. Bill, only forty-five Claimants have appealed their cases to the Agent. Knowing human beings as I do and their inclinations to persist in efforts to obtain money to which they might think they are entitled and realizing the many thousands of claims for Veterans that your Organization has handled during the last twenty months, it is almost unbelievable that only forty-five of these Claimants have brought their appeal to the Agent. I commend most highly you and your personnel for this marvelous record. I believe that this most unusual record bespeaks the following commendable facts. In the first place, it evidences the high efficiency of UCC from the bottom to the top. In the second place, this unusual record discloses the sympathetic and liberal consideration that your Organization is according our Veterans. In the third place, this commendable record is a special compliment to your Appeals Deputies. The number of appeals that have come up to your Appeals Deputies is rather high; therefore the fact that only forty-five Veterans have carried their appeals beyond your Appeals Deputies during these twenty months indicates an efficient job on the part of your Appeals Deputies; it indicates not only that they have been efficient in ascertaining the facts and rendering correct Decisions in cases before them, but that in their dealings with the Claimants at the hearings before the Appeals Deputies, they have explained effectively to the Claimants what their rights are, and they have satisfied the minds of these appealing Claimants that they have been treated justly. I regret again; it is almost unbelievable that during these twenty months only forty-five Claimants have appealed their cases to the Agent.

As indicated above, my associations with you and your Organization have been entirely pleasant; and, though I feel compelled to leave you in order that I might devote all my time and energies to the work of my profession, I regret that this move is necessary. My regrets in relinquishing the work as Readjustment Allowance Agent are compensated by the fact that you are making yourself available to become my Successor. I congratulate our Veterans and the Veterans Administration in their good fortune in having a person of your qualifications to serve as Agent. Many years ago, during the First World War, while we were serving together in the Thirtieth Division, I became impressed not only with your abilities but your interest in your men. This regard has grown continually throughout the last twenty-nine years; and I speak mildly when I say that the Veterans Administration and particularly the Veterans of North Carolina are fortunate in having you to help administer this program as Readjustment Allowance Agent.



MAJOR MAYNE ALBRIGHT BACK AS DIRECTOR EMPLOYMENT SERVICE

Major Robert Mayne Albright, on military leave for more than three and one-half years, two-thirds of which was spent overseas, is back on his job as State director of the United States Employment Service for North Carolina.

Major Albright was commissioned as a First Lieutenant in the Labor Branch of War Department on May 18, 1942, and spent about 14 months in and out of the Pentago Building in Washington. He coordinated civilian labor in three separate Service Commands, was responsible for training War Department labor officers and coordinating them with Federal labor agencies.

Transferring to the Allied Military Government Captain Albright was sent in August, 1943, to Italy, where he became chief labor liaison officer between the United States and the Italian Government. Later he was chief labor officer for the British Eighth Army, assistant labor officer for the American Fifth Army and chief labor officer in the Trieste area. He wears four battle participation stars, representing the Naples-Foggi, Rome-Arno, North Appenines and Po Valley campaigns. His promotion to Major came while he was in Italy.

Major Albright's war activities followed closely those in which he had several years of experience and are in line with the requirements of the position he resumes in civilian life. He joined the Employment Service agency February 1, 1936, as administrative assistant and served as assistant director and acting director until his appointment as State director on June 21, 1937. He held this position until he entered military service.

In 1941, Major Albright was elected International President of the International Association of Public Employment Services, the professional organization covering the United States and Canada, of officials and personnel of the public employment services and Unemployment Compensation agencies. He presided over the meeting held in Louisville, Ky., in 1942. Previously he had been president of the North Carolina Chapter of this association.

A native of Raleigh, Major Albright received his A.B., M.A. and J.D. (law) degrees from the State University, where he was manager of the Graham Memorial, student union, for two years. He earned Phi Beta Kappa honors, was a varsity wrestler and debator and was Young Democratic Club organizer for colleges in North Carolina while a student. He took the bar test and was granted his law license in 1936.

THE EMPLOYMENT ACT OF 1946

This act is not the end of the road, but rather the beginning. It is a commitment by the government to take any and all of the measures necessary to insure a healthy economy. The people expect the government to create and maintain conditions in which the individual businessman and the individual job seeker will have a good chance to succeed by their own efforts.—PRESIDENT TRUMAN.

On February 20, President Truman signed into law *The Employment Act of 1946*, thus committing the Federal Government to a full measure of concern and a certain measure of responsibility for employment and economic conditions affecting employment throughout the country in the years ahead.

The measure was originally known as the "Full Employment Bill", but in it's journey toward enactment it encountered much hostile opposition and some friendly criticism. Most everyone preoffered friendship for the objectives of the proposed legislation but senators and representatives differed sharply as to the best methods of attaining such objectives.

How the objectives of the measure will be attained is something like this: a Council of Economic Advisors to the President is created, consisting of three persons, to study economic trends with the cooperation of the cabinet and with government agencies. Reports of conditions together with recommendations for congressional action, shall be submitted 60 days after the beginning of each regular session of Congress. Quarterly reports may be made but are not required.

Such reports shall contain, and recommendations shall be based upon the following:

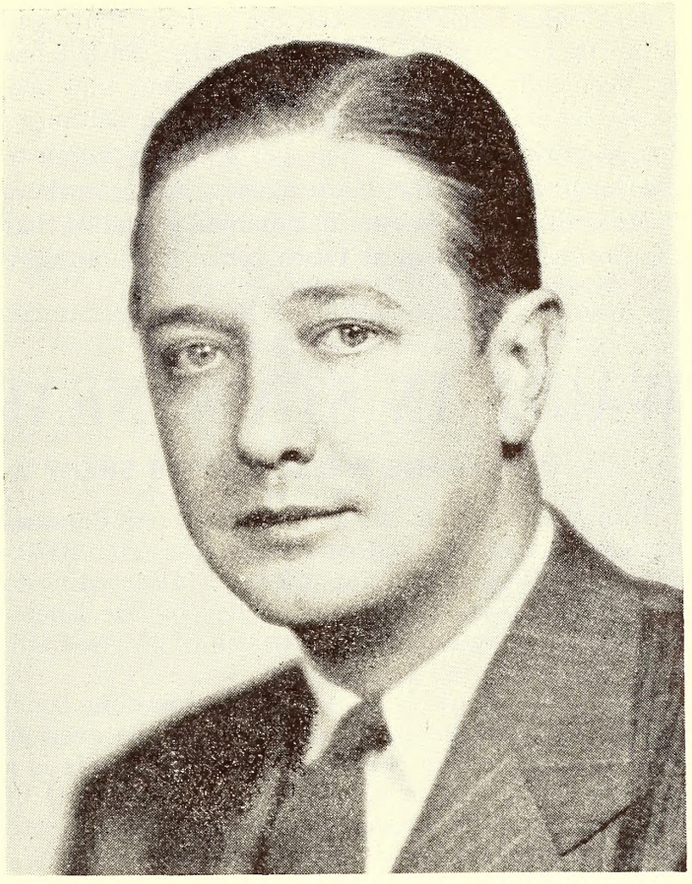
1. Desired levels of employment, production and purchasing power.

WILLIAM D. HOLOMAN

"Bill" Holoman has returned to the Unemployment Compensation Commission after two years in the United States Navy. He fills the post of Chief Counsel to which he was appointed by the Commission while he was absent on military leave.

Holoman first joined the Legal Department staff of the Unemployment Compensation Commission in February 1941 as Senior Attorney. The legal Department acts in the same capacity to the Unemployment Compensation Commission as the Attorney General's office acts with reference to all other state agencies. The Legal Department acts as legal supervisor to the Commission, and to employers and employees throughout the state. It handles all legal matters and interpretations of the law. It holds all hearings pertaining to liability or non-liability of employers under the law, and appears before the Commission in all cases coming before it. The Legal Department also represents the Commission in all of the courts of the state including the Supreme Court of North Carolina.

Holoman graduated from Wake Forest College in 1929. After having received his law degree there, he engaged in the general practice of law in Winston-Salem immediately after finishing at Wake Forest and for several years specialized in handling claim adjustments for several different insurance and casualty companies both in North Carolina, and in Virginia. For several years "Bill" practiced law in his home town of Weldon. In 1938 he was nominated and elected to the North Carolina House of Representatives from Halifax County and served in the 1939 Session of the General Assembly. Immediately prior to joining the legal staff of the Unemployment Compensation Commission, he was associated with the State Department of Labor in connection with its enforcement of the State Labor Law and of the Wage and Hour Laws.



WILLIAM D. HOLOMAN

Following the resignation of Mr. Ralph Moody as Chief Counsel in November 1944, the Unemployment Compensation Commission nominated "Bill" Holoman, then in the Navy, for this position, holding it open for his return from military service. Mr. Charles U. Harris acted as Chief Counsel in the meantime. Now, Holoman is back, and we welcome him home.

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2. Facts and current trends on employment, production and purchasing power.
3. An analysis of how the government's past program and other forces have affected these three factors.
4. The President's program for meeting the desired levels of employment, production and purchasing power.

What will happen to such reports after they have been received by Congress must surely depend upon the attitude of its members and of the President and conditions as they are shown by the report to exist. If conditions are shown to be on the up-swing and improvement just ahead, there would seem to be little need for congressional actions. However, if the report shows a downward trend in employment and decreasing industrial activity, under the commitments of this law Congress has declared it to be the:

"Continuing policy and responsibility of the Federal Government to use all practicable means consistent with its needs and obligations and other essential considerations of national policy, with the assistance and cooperation of agriculture, labor and state and local government, to coordinate and utilize all its plans, functions and resources for the purpose of creating and maintaining in a manner calculated to foster and promote free competitive enterprise and the general welfare, conditions under which there will be afforded useful employment opportunities, including self-employment, for those able, willing and seeking to work, and to promote maximum employment, production and purchasing power."

The passage in 1935 of unemployment insurance legislation making possible the payment of benefits to unemployed workers, was the first time the government had ever recognized responsibility or concern regarding unemployment. This act (Titles III and IX of the Social Security Law) laid the foundation for the payment of benefits to certain workers who became unemployed through no fault of their own.

The passage of the Employment Act of 1946 tackles the causes of unemployment in an effort to encourage full employment and prevent unemployment. The act recognizes the responsibility of the Federal Government for conditions that may lead to unemployment and pledged action to remedy the situation.

(Continued on next page)

Just what measures can be taken that will stimulate business and employment when needed, has not been fully outlined. In the discussions that preceded the enactment of this law much opposition to "made work" developed, together with opposition to the Government, through any agency, hiring workers in order to provide work. The opinion prevailed that the Government could at times, when there appears to be need for additional employment, initiate public works projects, such as the St. Lawrence waterway, river and harbor improvement, flood control and irrigation propects such as the Tennessee Valley.

However, as the President stated, much can be done to create a healthy and friendly atmosphere for business. It has been charged that this may lead to demands for lower taxes, special privileges and the removal of controls.

WAGES IN STATE NEARLY DOUBLED IN 4 YEARS

AVERAGE WEEKLY RATES SHOW A TWO-THIRDS (65.8 PERCENT) INCREASE

Total wages paid to the majority of North Carolina workers in industry and commerce rose from $430,584,323 in 1940 to $829,755,392 in 1944 according to statistical reports recently published by the Unemployment Compensation Commission of North Carolina. (See page 32 this issue.)

The reports show further that the war-time boom in the labor market resulted in raising the average weekly wage paid in this state to $28.92. This is a 65.8 percent increase over the 1940 wage level of $17.44. Thus the average annual income of North Carolina wage-earners is now $1,503.84.

These figures apply to workers covered by unemployment compensation, of which there were 474,872 in 1940, 579,340 in 1943, and 551,775 in 1944. Data based on the employment of this many workers is therefore the most comprehensive set of figures available, although it must be remembered that they do not represent the complete working force in North Carolina.

Wage reports are filed with the Commission by all firms and industries employing eight or more persons. Exceptions are agricultural workers, domestic workers, employees of non-profit establishments and government employees—federal, state, county and city. However, a comparison with U. S. Department of Commerce figures on all wages and salaries paid in North Carolina reveals that 58 percent of them are included in the scope of the Unemployment Compensation Commission's reports.

With respect to wage increases since 1940, there is considerable difference between various industries in the state. Weekly wages of construction workers climbed as much as 119.6 percent from the level of $17.02 in 1940 to $37.37 in 1944. Weekly wages in North Carolina manufacturing industries rose 76.3 percent from an average of $16.54 to an average of $29.16.

Whereas weekly wages of workers in trade and service industries, which by and large represents smaller establishments and are more local in character, did not increase as much as 50 percent and remain below the state average. Weekly wages for workers in trade which formerly averaged $19.00, now average $26.72. And the average weekly wage in our service industries which was $15.06 in 1940, by 1944 was $20.72.

The Commission's reports set out for the years 1940 and 1944 the number of employers, the average number of their employees, their total payrolls, and weekly wage rates for each county and local employment office area in the state. Also shown for each county are employment and wage data by industry.

REALISM WANTED

Throughout current discussions on behalf of a 65¢ minimum wage being established by federal statute, a great deal of evidence has been presented to show the need among low-income groups for improved standards of living. Wage earners' families, especially the children, need better—that is more expensive—housing, food, clothing, medical attention, education and recreational facilities. Without these, statistics show too large a proportion of unhealthy dullards. With these, it is taken for granted that everybody would be healthier and happier.

The scientific evidence as to the ill effects of relative poverty on a population is impressive. But the basic assumption of many who quote them, that a national 65¢ minimum wage would operate immediately and directly to remove these ill effects of poverty from our lowest income groups, is entirely fallacious.

For instance, who are our lowest income groups, and who would benefit from the 65¢ minimum wage? Very different people!

A federal 65¢ minimum wage would apply only, in this state as in all others, to workers in manufacturing industries producing goods in interstate commerce. 65¢ an hour, on a normal 40-hour work week, results in a weekly wage of $26.00. Now the average weekly wage of workers in manufacturing industries in North Carolina, as contained in the payroll reports to the Unemployment Compensation Commission, has already risen to $29.16—an increase of more than 76 percent above the 1940 wage level.

This present average weekly wage of $29.16 for manufacturing workers, which is well above the rate of 65¢ hourly minimum, is of course an average. Many workers make more and some make less. But it is apparent that a federal 65¢ hourly minimum, if applied in North Carolina, would operate to raise the

wages of only a small number of wage-earners.

On the other hand, there are large numbers of workers in this state, engaged in types of business operations just as vital to our economy, whose wages are far below the standard of $26.00 a week set by proponents of a federal minimum wage law.

Consider all our workers in retail trade—whose wage level in spite of a 40 percent increase in the last four years still remains at an average of only $17.91 a week. And consider all the workers in our service industries, hotels, restaurants, laundries, repair shops, etc., who even with a 47 percent increase during the war years, still take home each week only $20.62 on the average.

How would a federal statute help them? Not at all! They are engaged in intra-state, not interstate, enterprises.

Go further. Break down the pay of teachers into weekly and hourly rates, and most of them too will be found to earn far less than the standard of $26.00 weekly announced for factory hands. Also, lucky the trained office clerk or farmer's helper who does that well.

If the sponsors of a 65¢ hourly minimum are really sincere in wanting to better living conditions, through pay increases, for our low-income groups, let them direct their efforts toward helping the low-income groups. Only a state minimum wage law can reach them.

Certainly if all the testimony brought forward in literature and public hearings as to the ill effects of poverty on our people, because of too little pay for their labors, has meaning; its significance lies in the need of measures to equalize pay rates for workers whose wages really are below standard.

F. T. HILL.

MINIMUM WAGES FOR NORTH CAROLINA

While the Fair Labor Standards Act operates in the interest of workers who produce goods for interstate commerce, it should be emphasized that there is still no legal minimum established for the great number of people in North Carolina who work in industries of an interstate character. For several years now I have been trying to press home our need for a state minimum wage law which would cover the working people not protected by the federal wage and hour law.

Statistics compiled regularly by the Department of Labor show a large gap between the wages of workers in interstate industries and those in intrastate industries.

Even during the War when wages and prices everywhere were at their peak, there were still groups of workers in some of the intrastate industries of our state whose wages remained at levels scarcely above the prewar figures.

The cost of living remains high and shows no sign of being reduced in the near future. Without a state minimum wage law there are workers who during the coming years will not share in the fruits of high production levels.

Experience has shown that in normal times when workers are well paid, they are consistently more efficient on the job, and turn out a better type of work. This results in increased productivity and, up to a certain point, does not increase the costs of production. The economy of our state would benefit generally from the enactment of a state minimum wage Law.

Such a law would have the additional benefit of eliminating some of the unfair competition between the employer in a manufacturing industry who sells his goods in many states, covered by the federal law, and the employer in the same business who sells all his goods within the state, not covered by the federal law. More than half of the states have already enacted minimum wage laws, and have found them beneficial.

Experience has shown that business generally can adapt itself to reasonable minimum wage standards without undue hardships. It is my earnest hope that the people of our state will soon become sufficiently aware of the need for and value of such a law that they will demand the enactment of such legislation at the next session of the General Assembly.

FORREST H. SHUFORD, *N. C. Commissioner of Labor*. From a statement made at the public hearing on minimum wage legislation, Durham, Jan. 12, 1946.

H. C. L. COMES HOME*

The South, busy growing up, apparently has lost a distinction which once dominated much of its economic life. This was the theory that it cost much less to live in the region below Mason and Dixon's line. It was a theory which had currency even through the days of differentials for WPA wages.

In some of the cities, at least, the theory is dying hard. The Department of Labor has just completed a survey of food prices in 56 representative localities, among them the seven major cities of Atlanta, New Orleans, Los Angeles, Washington, Chicago, New York and San Francisco. Surprisingly enough, New Orleans leads the list in high retail food prices and Chicago stands at the bottom.

While rural or small town areas are another matter, it is significant that a Southern city stands high above the metropolis of the Middle West. How would the suburbs of these cities compare in prices? At any rate, it no longer costs less to live (if, indeed, it ever did) in a representative city of the South than in its counterpart elsewhere. Nationwide average prices of a few staples in October, by the way, were 64.1 cents for 10 pounds of wheat flour; 8.8 cents for a pound loaf of bread; 27.3 cents for a pound of hamburger; 41.2 cents for a pound of bacon; 49.9 cents a pound for butter; 15.6 cents for a quart of milk; 62 cents for 15 pounds of potatoes; and 65.7 cents for a dozen eggs.

Average aside, we guess that the high cost of living is no longer exclusively regional. The South, industrializing itself at a frantic clip, will have to reckon with the consequence.

*Reprinted from the Asheville *Citizen-Times*.

SOCIAL SECURITY OUTLINES

Social security is a term which we use to embrace many things. The present Social Security Act contains miscellaneous provisions for meeting various social problems. There are, for example, provisions for the care of crippled children, the care of the blind, and the care of the dependent aged through federal and state cooperation, and there is another section which provides for the appropriation of money for public health. However, these provisions are not truly social insurance, and it is with the two nation-wide systems of insurance, operated under the Social Security Act with which we are mainly concerned when we refer to Social Security.

PRESENT SOCIAL INSURANCE

One of these is Old Age and Survivors Insurance which provides an income for workers when they retire after 65 or for their families if they die in the meantime. This system is managed by the Federal Government. Both workers and their employers pay for it. It is what most people think of first when they talk about social security. The old age annuities are paid as a matter of insurance, and therefore as matter of right. The amounts paid vary according to previous earnings and according to the number of dependents.

The other great system of social insurance is known as unemployment compensation. This is managed by each state, under its own law. In most of them, as in North Carolina, it is supported entirely by employers. Nothing comes out of a worker's wages to pay for it. And in North Carolina, this amounts to a $110,000,000 insurance business. The weekly benefit payments available to covered workers when they are out of a job through no fault of their own, also vary in accordance with previous earnings and usually amount to about half of the worker's normal wages.

BACKGROUND

1946 marks the tenth anniversary of social security in this country, since it was inaugurated on a national scale with the passage of the Social Security Act in 1935. Such an anniversary gives us cause both for celebration and for lament.

Acquiring a certain amount of social security back in 1935 where previously there had been less—after years of promotional work and the demonstrated need of such provisions during the depression years—marked a great milestone on the path of human welfare. This is reason enough for celebration. But it cannot be assumed that just because we have a ten-year-old Social Security Act that all our security problems have been automatically solved. After the great sigh of relief that went up after the passage of the Act, we have year by year been realizing more and more the number of respects in which our present system fails to assure as much security as it might.

Looking to a revision of the present social security program, perhaps the most important aspect of it on which to focus attention is the matter of exclusions—exclusions from the program as to groups of people, and exclusions as to types of services provided.

EXCLUSIONS: A. Groups

With respect to exclusions of large groups of people, for instance, it must be remembered that while many workers here in North Carolina are protected by the two great insurance systems of Old Age and Survivors Insurance and Unemployment Compensation, there remain more workers in this state without such protection than those who have it. Both insurance programs presently exclude agricultural workers, domestic service workers, employees of non-profit organizations, employees of government—city, county, state and federal, and some others. Unemployment compensation in North Carolina further excludes workers for employers of fewer than eight employees, a group numbering 80,000. During 1944, the average number of covered workers in our state was 551,000, but a comparison with the total working population of the state reveals that some 60 percent of all gainfully employed workers are without coverage.

B. Services

With respect to exclusions from the security program as to types of services, the most noticeable lack is the absence of a similar insurance system to give protection to workers from health hazards. This is particularly striking when one remembers that the whole movement toward social security which culminated with the passage of the Act in 1935 was chiefly concerned with the establishment of health insurance measures. The need for more insurance today, to help people pay for the costs of illness, has been recognized by our North Carolina Medical Care Commission.

In considering a health insurance program for workers, it is important not to confuse two distinctly different types of protection. Both are desirable. One of these would be insurance to provide hospital and medical care. The other would be insurance to compensate for wage loss due to unemployment because of sickness.

The need for the latter type of insurance to make up wage loss due to sickness is illustrated by a 1944 survey made by the Unemployment Compensation Commission of North Carolina, when it was found that one out of every four claimants had to be denied unemployment payments because they were temporarily unable to work. Unemployment Compensation is limited by law to workers well enough to take a new job.

*A report to the Committee for North Carolina of the Southern Conference of Human Welfare, for its sub-committee on social security and medical care. (Nov. 3, 1945.) By Mrs. Frances T. Hill, Unemployment Compensation Commission.

POSSIBILITIES FOR IMPROVEMENT

As to what may be done toward extending social security provisions so that they shall be more inclusive, two fields of action are open. Support may be given to national legislation by Congress; and support may be given to measures brought before the North Carolina General Assembly. Although the latter does not meet again before 1947, it is not too early to consider ways and means of improving state legislation in the social security field. Congress may or may not bring up larger aspects of the subject for discussion in the meantime.

Certainly if we believe that security is preferable to charity—it also best begins at home. It is squarely up to local groups, such as a North Carolina Committee, to see that our General Assembly lives up to its pretensions, and to the principle of state responsibility for human welfare as enunciated by former Governor Broughton.

The Federal Social Security Act stands as a monument. At one and the same time, it is a monument to the success and to the failure of local groups in their attempts to establish security measures. Decades of effort and pioneering on the part of interested organizations, and of public and private agencies, paved the way which others were too slow to follow. For instance, Wisconsin's unemployment compensation law antedated the federal Unemployment Tax Act, finally enacted by Congress largely because similar legislation in other states had failed to pass, and by virtue of which all states now have unemployment insurance.

In the intervening ten years the individual states have gone way beyond the minimum requirements of the federal act in extending social security provisions, some farther than others of course. In unemployment compensation, benefit payments have been substantially liberalized, and coverage extended to many groups not originally included. Twenty-nine states have broadened their size-of-firm coverage and 16 now insure all workers in industry and commerce regardless of the size of the firm.

One state, Rhode Island, has had in operation for nearly three years, a system of insuring workers against wage loss due to sickness.

In North Carolina, our legislature has repeatedly had placed before it bills that would extend unemployment compensation coverage to business firms employing one or more. And in 1945 a resolution was introduced proposing study of a system of sickness insurance for workers. Neither measure got out of committee.

Our North Carolina Medical Care Commission submitted to the last General Assembly a well defined plan and program for this state to improve its hospital and medical facilities. In spite of the demonstrated urgent need for such a program, insufficient funds were appropriated to carry it through.

FUNCTION OF A STATE COMMITTEE

These are worth while security measures in which North Carolina citizens should be primarily interested. If so far we have failed to get them established, it is largely for lack of exercise of that power which Dr. Frank Graham pointed out is inherent in public-spirited groups and organizations.

Adequate provisions for human welfare can be set up in the state by our own state's people. The opportunity is still ours to succeed in this. However, if North Carolina organizations do not bend their every effort to this end, but prefer to appeal to the Federal Government for aid, in doing so they must recognize that they are admitting their own failure as a home-front group.

Our Insurance Against Unemployment

BY A. L. FLETCHER, CHAIRMAN, U. C. C.

Unemployment compensation is primarily a system of insurance. Our Commission is operating for the State of North Carolina a $110,000,000 insurance business. We protect the worker.

Remember the tragic days of the big depression when many a good honest worker lost his job and had nothing to fall back on? Except an apple or two maybe and that song line "Buddy, can you spare a dime?"

That was when Social Security came into being on a national scale, and set up two great systems of insurance to meet different needs. One is Old Age and Survivors Insurance to provide an income for workers when they retire after 65 or for their families if they die in the meantime. This system is managed by the Federal Government. Both workers and employers pay for it.

The other great system is unemployment compensation. This is managed by each state, under its own law. In most of them, as in North Carolina, it is supported entirely by employers.

Unemployment insurance works this way. John Jones had a good job in one of our cotton textile plants. He is a weaver and worked hard and regularly all through the war producing cloth for army fatigues. All the time he was working, his boss, that is to say his company, reported the amount paid him in wages to our Commission, and paid into our trust fund a small percentage of the total payroll. This was the premium to pay for John's unemployment insurance. Our trust fund, by the way is kept on deposit in the National treasury to the special account of North Carolina.

Comes a time when the company can't get raw cotton, or has to close the weaving room to redesign machinery, and John is out of a job temporarily. But he doesn't have to start selling apples in the meantime. He has wage credits listed to his own personal

account in our files. Every week he is out of work and can't find another job, but not for more than sixteen weeks in a given year, he is entitled to claim unemployment benefits. He has just as much right to them as if he had bought a fire insurance policy and his house burned down.

Some folks call unemployment benefits "rocking-chair money" and seem to think that the idea is to pay people for doing nothing when they don't want to work. This very definitely is not so.

Take John Jones again. He isn't going to get rich on his weekly benefits. The amount he could receive is a proportion of the amount he earned at the textile plant—and his weekly insurance check will probably be about half of what his wages had been as long as this doesn't come to more than $20. It isn't likely he is going to want to stay out of work any longer than he has to. The unemployment benefits will help out until he gets back on a regular payroll but they won't be enough for him to live in the style to which he was accustomed.

Then the main object of unemployment compensation is to maintain employment. That means, to see first that workers find jobs if possible, and second, to pay insurance benefits when jobs cannot be found. It is no part of the program to pay people who don't want to work. The test for paying benefits isn't whether John Jones needs the money but whether he lost his job through no fault of his own, and whether he wants another one. That is why he must register for work at a public employment office. Applying for work at U. S. Employment Office is taken as evidence that he wants it. And that is why for the convenience of everybody concerned, work applications and unemployment claims are handled through the same local employment offices.

Does he have to take another job regardless? If John Jones is offered another job than that of weaver by the Employment Service, and doesn't take it—then we have to look into the situation and decide whether he has a good reason for refusing to take it, as if the job wasn't a suitable one for him.

There is no fixed standard as to what is or is not regarded as suitable work. So many different factors can enter into a particular case. We look to such items as the degree of risk involved to a worker's health, safety, and morals, to his physical fitness and prior training, to his past experience and level of earnings, to the length of his unemployment and prospects for securing local work in his customary occupation, and the distance of the new work offered from where he lives.

For instance, if John Jones turned down the chance of a job of outdoor manual labor on a construction project, miles away from his home, at 50 cents an hour when he was accustomed to making 85 cents and was not too strong anyway, and he had been out of work for only a few weeks, we would certainly rule that job was unsuitable for him, and that he was still entitled to his benefit checks, and further opportunity to find the kind of work he is best fitted for.

There are some definite limitations to unemployment insurance. Like any insurance policy you take out it covers some risks and not others.

The unemployment must be involuntary and have come about through no fault of the worker. When there is a discharge for misconduct, or a voluntary quit, unless the worker can show good cause attributable to the employer, we have to withhold benefit payments for a period of weeks (maximum 12).

If a worker loses his job because of a strike, then we probably can't pay him either. Certainly no worker who is himself taking part in a strike, can receive any insurance benefits as long as the strike lasts, regardless of its merits. Neither can any other man or woman who belonged to the same grade or class of workers as the strikers. Labor disputes are out of bounds in an unemployment insurance program.

However, if John Jones, weaver, was out of work because his plant could not run without supplies of yarn produced in another mill many miles away which wasn't operating because of a strike—I think his case would be far enough removed from the strike situation so that he would be entitled to benefits for any weeks he was forced to be idle.

Our present insurance system fails to protect workers from another specific unemployment risk. That is when they are too sick to go to work and their unemployment is due to personal physical reasons rather than a general economic one. When we made a survey in 1944 we found we were having to deny payments to one out of four claimants for this reason. Beside wanting a job, a worker who doesn't have one must also meet the test of being able and available for work. This test of being able, is a stumbling block and often a heartbreaker. Surely if a worker has to leave his job because of catching influenza or breaking a leg, in a traffic accident his unemployment is involuntary. But as long as he is prevented from taking another job for physical reasons, unemployment insurance under the present N. C. Law can't make up any of his lost wages.

What is needed is another similar insurance system, to provide workers with some income during periods when they are out of work due to ill health.

Unemployment compensation must be thought of not only as insurance for the worker—but as insurance for the state—since it would operate—if we ever get another major depression—to keep the purchasing power of all our people from taking too much of or too quick a tail spin.

If as many as one out of every five people now working were to be laid off, our trust fund in the course of about four months would pay out, through these workers, into the state's stream of commerce, something over fifty million dollars.

It must be remembered, though, that not all the workers in our state have unemployment insurance, something less than half of them—only those working in business and industry for employers of eight or more. There are many more on the farms, in city, county and state offices, in private households, working for institutions called charitable, or for employers in small businesses, who do not come within the provisions of our law.

ADDITIONAL INSURANCE PROTECTION FOR WORKERS

Temporary Disability Insurance: Social Security insurance to provide cash benefits in partial replacement of wages lost through short periods of illness or disability.

At Present: The United States has no over-all system for protecting workers against wage loss when they are sick or disabled. One state—Rhode Island, provides cash disability benefits during temporary sickness for industrial and commercial workers covered by the state's unemployment compensation law. Veterans of the armed forces receive disability benefits. Workmen's compensation laws provide some protection for work-connected disabilities, but these are only a small fraction of all disabilities suffered by workers. There are many private insurance plans in existence but they are expensive and relatively few workers purchase such insurance.

Need For Protection: On an average day, at least seven million persons in the United States are so disabled by sickness or injury that they cannot go about their ordinary business. Half of these have been incapacitated for less than six months; the remainder for six months or more. For social insurance purposes, temporary disability usually refers to brief illness or to the first six months of illness which lasts for a longer time.

War has dramatized the extent of illness in this country. Two out of five of the men called up were found physically or mentally unfit for military service at the selective service examination, and many others were discharged for medical reasons while in training.

Disability usually throws a double burden on family resources. First, there are the unexpected and uncontrollable expenses of medical care, and secondly, there is the loss of income which almost inevitably comes when the breadwinner cannot work. Loss of earnings from temporary and permanent disability runs to some $3 to $4 billion in ordinary years in the United States; loss of working time to some 1.5 - 3.3 million man-years.

Recommendations of the Social Security Board: Inasmuch as the losses and costs attributable to sickness and disability have been the greatest single cause of poverty and dependency in the United States, and inasmuch as the lack of social insurance to meet the economic risks of sickness and disability is the most serious gap in organized provisions for social security, the Board believes that insurance both against permanent and against temporary disability—to replace part of the wages lost from such causes—is needed in the United States, and is feasible at this time from the standpoint of both administration and costs.

Other Countries: Thirty-two countries have insurance against wage loss from temporary disability. The United States is unique among the major industrial countries of the world in that it has no such systematic general provision for this economic hazard.

Costs: Disability benefits represent a redistribution of existing financial burdens so that workers themselves, or workers, and their employers, and Government, can meet risks which now bear heavily on the individual alone.

CALIFORNIA LEGISLATES DISABILITY COMPENSATION

In his address to the Legislature, the Hon. Earl Warren, Governor of California included the following statement:

> Another matter closely allied to the production and employment problem is the compensation received by our workers when unemployed. They are protected now only if the reasons for the unemployment are economic. I am sure everybody will agree that a person is in greater need of compensation when he is ill than when he is well, and I recommend that you provide for it under our unemployment compensation laws.
>
> California can well afford to do this. It will rebound to the benefit of everyone, because each dollar so disbursed will find its way not only into the purse of the stricken worker but eventually into the tills of every business in the State. We have built up a tremendous reserve in this fund amounting to $733,000,000. It increased $112,000,000 last year. California is one of only four States that require the workmen to contribute to their unemployment compensation funds, and over $20,000,000 of our present reserve was contributed by them. It is the considered opinion of our Department of Employment that the California fund will be adequate for all foreseeable needs, and that these disability payments can be made without endangering the fund's solvency and without rebuking additional contributions from either employer or employee.

Following Gov. Warren's recommendation, California has acted to establish a system of disability payments within its unemployment insurance act, and made an appropriation to carry out certain provisions.

The purpose of the Law is given as follows: "The purpose of this article is to compensate in part for the wage loss sustained by individuals unemployed because of sickness or injury and to reduce to a minimum the suffering caused by unemployment resulting therefrom. This article shall be construed liberally in and of its declared purpose to mitigate the evils and burdens which fall upon the unemployed and disabled worker and his family".

An individual if eligible shall be entitled to both unemployment compensation benefits and unemployment compensation disability benefits in the same benefit year, provided however, that the total amount of both shall not exceed in any benefit year one and one-half times the amount to which the individual

would be entitled for unemployment compensation alone.

Disability under the law includes both mental and physical illness and mental and physical injury, and an individual shall be deemed disabled in any week in which because of his physical or mental condition he is unable to perform his regular or customary work.

An individual's benefit year shall be the same for both unemployment compensation disability benefits and unemployment compensation and the filing of a valid claim for one shall establish a valid claim for the other. The amount payable for disability benefits shall be the same but not in addition to benefits for unemployment.

Under the law as amended an individual shall be paid benefits with respect to any full week in which he has been unemployed due to a disability if the commission finds, among other things, that he had been continuously unemployed and disabled for a waiting period of seven consecutive days during each uninterrupted period of disability. The commission shall require an applicant to submit to a reasonable examination or examinations and to support his claim for benefits by the certificate of a physician, or in case of a person who in good faith depends entirely upon prayer or other spiritual means for healing then the certificate of a duly authorized practitioner may be accepted.

Funds to meet the requirements of disability payments will be provided by contributions amounting to one percent of a worker's earnings in covered employment. Such contributions under California law have heretofore been paid into the general unemployment compensation trust fund.

In the case of disability plans now in operation in the state, the employer or a majority of the employees may apply for approval of the plan if the commission finds that such voluntary plan measures up to certain requirements set out in the law, then it shall approve of the plan.

This makes California the second state in the country to provide compensation, out of worker contributions, to cover periods of unemployment caused by temporary illness or disability. Rhode Island has already had such a law in force for three years.

The Merit System in North Carolina State Government

(Taken from the Fourth Annual Report of the North Carolina Merit System Council)

BY FRANK T. DEVYVER, MERIT SYSTEM SUPERVISOR

In 1941, at the beginning of the important job of establishing and maintaining service for the four agencies under the Merit System, we found ourselves confronted with the problem of an acute labor shortage. Now that the war is over and we momentarily expect the stabilization of the labor market, we can begin to realize our objectives and the purpose of the existence of a Merit System. That purpose is to provide for the selection, promotion and retention of state and county employees on the basis of merit and establishment throughout the agencies served of sound and tested classification and compensation plans with appropriate regulations leading to good personnel practice.

During the emergency period there were few applicants to take the examinations though the recruitment program was intensified. Continuous receipt of applications for positions with all of the agencies was announced and examinations were held when sufficient applications were received to warrant an examination. Many provisional appointments were approved to fill the existing vacancies in the agencies and the majority of these provisionals were examined not later than six months after their appointment.

The Merit System Rule was amended, giving the Supervisor the authority to approve appointment at above the minimum salary step in exceptional cases and several war emergency classifications were established so that there would be adequate personnel to carry on the required work in the agencies. At no time did we feel that we were lowering our standards, but rather that we were making our rules more flexible in order to alleviate existing difficulties.

Our problems of reconversion are few, since during the war, there was no change made in the framework of our System. The selection, promotion and retention of state and county employees was carried out on the merit basis and regulations leading to sound personnel practice were maintained. We are, however, looking forward to and making plans for a normal operation when our objective and purpose can be realized to the fullest extent.

Certifications and Appointments

Whenever a vacancy exists in one of the agencies under the Merit System, the vacancy must be filled from a certified list of eligibles whose names appear on the register for the position in which the vacancy exists. The Merit System Office certifies the three highest available persons from the register for the position, thus giving the appointing authority a choice of three persons for each vacancy. During the year, 71 persons were appointed from certifications which listed 854 names. The relatively small number of persons appointed in proportion to the number of names certified gives some indication of the problem involved in maintaining an adequate list of eligibles from which to certify. Most of these persons who were classified and contacted did not accept appointment.

If one of the eligibles on the certificate is employed, a **probationary** appointment is made. This means that the person is on the register for the position and must serve a probational period of six months before he can become a permanent employee. During the year, there were only 67 probationary

appointments which was only about 46 percent of the total number of probationary appointments made during 1944. This indicates a substantial decline in the number of persons who were appointed after they had taken examinations. Of the total number of appointments made during the year, only 8.1 percent were probationary.

When no register is available for a position in which a vacancy exists, the agency is permitted to make a **provisional** appointment. During the year, this type of appointment has been used extensively in stenographic, clerical, and case work positions, because of the shortage of personnel available for these types of work. During 1945, 507 persons were appointed provisionally, as compared with 329 in 1944. Of the total number of appointments made during the year, about 61 percent were provisional appointments.

When it is necessary to make an appointment on a **temporary** basis, the agency makes a request for certification indicating that the position is to be filled for a limited period. The certification is made from those eligibles who have stated that they will accept employment of short duration. Occasionally, it is necessary to fill a vacancy immediately before eligibles can be certified. Under these circumstances, an **emergency** appointment which lasts for 30 days is made. There were only a small number of temporary and emergency appointments made during the year.

Separations and Other Personnel Actions — Of the total 640 separations made during the year, over 92 percent were resignations. The next largest number of people were separated because their jobs were terminated. Only a few were dismissed or were granted military leave during the year. Most of the people who were separated were in the clerical or lower professional classes, and in a relatively small number of positions.

There were a total of 188 more appointments made than there were separations, indicating that 188 more workers were added to staffs of agencies under the Merit System than were separated from the agencies. Personnel turnover was greatest in the Health Department.

Promotions — The Merit System Rule provides that, "as far as is practicable and feasible, a vacancy shall be filled by promotion from the promotional register . . . . with due consideration of individual performance as evidenced by recorded service ratings, length of service, and capacity for the new position," thus providing an opportunity for well qualified employees to advance to higher levels of work as vacancies occur. During the year there were a total of 119 promotions, the largest number of which were made in the Unemployment Compensation Commission.

Salary Changes — Salary increases, decreases, and adjustments are administered by the agencies; however, the Merit System Office is concerned with making sure that such actions are in conformity with Merit System rules and regulations. Salary advancements are based on length of service and job performance. During the year, there were a total of 2113 salary changes in the various agencies, of which 69 percent were salary increases. There were 502 more salary increases granted during 1945 than during 1944. There were no salary decreases.

Summary — During the year, there were a total of 5066 personnel actions handled in the Merit System Office. Of this number, 37.1 percent were for the State Board of Health, 30.6 percent for the State Board of Public Welfare, 29.1 percent for the Unemployment Compensation Commission, and 3.2 percent for the State Commission for the Blind. There was an increase of 621 personnel actions over 1944.

Payroll Certification — All employees in the agencies under the Merit System must be in one of the classifications set up by the Agency and the Merit System, and must be paid at one of the established steps in the compensation plan with special rules regarding frequency of salary advancements. The Merit System Office post-audits monthly payrolls submitted by each agency in order to be sure that rules and regulations are followed. The agencies are immediately notified of any deviations that exist and proper adjustments are made as soon as possible.

Amendments To Merit System Rule — During the year 1945, three amendments to the Merit System Rule were adopted. The first of these amendments was designed to take care of all situations when it became necessary to make appointments at a salary above the minimum.

Recruitment — During the year the recruitment of qualified personnel has continued to be one of the major problems in the operation of the Merit System. The number of persons who qualify through examination and are available for appointment from registers is still inadequate to meet department needs. Mailing lists have been circularized, corrected, and enlarged. Examinations were announced through brief informative bulletins. Each bulletin included a statement of the duties of the class, the salary range and the minimum qualifications of education and experience, the fields to be covered by the examination, and weights assigned to each part of the examination. Six bulletins covering approximately 60 classes of positions have been released during the year.

For clerical examinations held in the spring, a special recruiting program was carried on in the high schools in the State in an endeavor to attract qualified graduating seniors. High school commercial departments assisted in securing applicants from among the students. The results of this recruitment were not as satisfactory as had been hoped since only a few of these students accepted employment under the Merit System.

Letters were written to colleges and universities in order to attract students for positions for which they were best qualified. This was done especially for the classes of Case Work Assistant, Case Worker,

Interviewer, and other beginning professional classes.

In spite of the intensified recruitment program which was carried out, the total number of applications received for all classes of positions had decreased from 2,437 in 1944 to 1,925 in 1945. With the large number of workers being released from their jobs in essential war-time employment and with the large number of returning veterans, it is expected that recruitment activities during 1946 will be more justified by an increase in the number of applications received.

Review Of Applications All applicants for examinations under the Merit System were required to fill out a comprehensive application form listing their education and experience. Each application was carefully processed as soon as it was received in the Merit Office, and a preliminary evaluation was made to determine whether or not the applicant could be accepted for the positions for which he had filed. For those positions requiring a rating on education and experience as a part of the final grade, the application is the primary source of information.

Written Examinations During the year, the written test served as the basic part of the examination for each class of position. Practically all questions other than arithmetic problems were of the multiple choice type. Some of the material was developed in the Merit System Office, while other material was secured from various federal and state advisory organizations. During the period under review, approximately 1800 questions have been added to the item file, giving a total of over 4000 questions on permanent file in the Merit System Office. New material is being added constantly to the file.

The written examinations were administered at ten centers throughout the state with several additional centers being used for clerical examinations.

Oral Examinations Oral examinations constituted a part of the total examination for several positions held during the year. As in the previous year, oral interviews were not held for some of the lower professional classes due to transportation difficulties. For positions in which oral examinations were eliminated, greater emphasis was placed on employer interviews with prospective employees. Since the agencies under the Merit System have representatives throughout the state, it is usually possible to contact persons before they are appointed. Greater emphasis has also been placed on the probationary period as a part of the examining process.

Performance Tests Performance tests were administered to all applicants for typing and stenographic classes. These tests were given in the afternoon written examinations had been applied in the morning. These tests are designed to test the applicant's speed and accuracy in typing and dictation.

Education and Experience In many of the positions which are filled by the Merit System, the ability of the applicant to perform the required work depends upon the type of training and experience which he has had. This objective rating of education and experience is based on the record submitted on the application blank.

Since the scoring of education and experience is one of the most difficult processes in the entire examination program, only those persons who passed the written test were rated. Experience was rated at five levels according to whether it was identical to the position, directly related, closely related, related, or unrelated. The rating forms are set up in such a way as to give most credit for most recent experience. Raw scores are converted into percentage scores after all applications for each position have been rated.

Verification of Education and Experience Very few of the applicants make intentional misstatements on their applications. It has been found that most of the errors are due to the difficulty in remembering exact dates or exact number of hours credit received for courses. In spite of the small number of errors which have been found, training and experience is verified in order to discover occasional misrepresentation. When misstatements are discovered, the applicant is rerated if the error is sufficient to affect his grade and place on the register.

Establishment and Maintenance Of Registers When percentage grades had been established on each weighted factor, the weights shown in the examination announcement were applied to determine final grades.

A register was established for each class of position, beginning with the person obtaining the highest final grade on the examination.

At the time examinations were administered, availability notices were filled in by each candidate, asking where he was available for work and what minimum salary he would accept. On the basis of these, certifications were made to the agencies in answer to their requests for eligibles.

Registers are usually cancelled after they have been in effect for as long as two years. Examinations are then announced for the positions, and new registers set up.

During the year, several new classes of positions were established and the specifications for other classes were revised. Due to war conditions, expanding programs, and reorganizations within departments, there was an unusual amount of activity along this line. Minimum qualifications for 21 classes of positions were revised and the duties and responsibilities for 10 classes were revised. There were 15 new positions established, for which job specifications were written. Three positions were deleted.

It is anticipated that there will be more revisions to classification and compensation plans during 1946, since qualifications will be modified to include training and experience acquired by veterans while in the armed services.

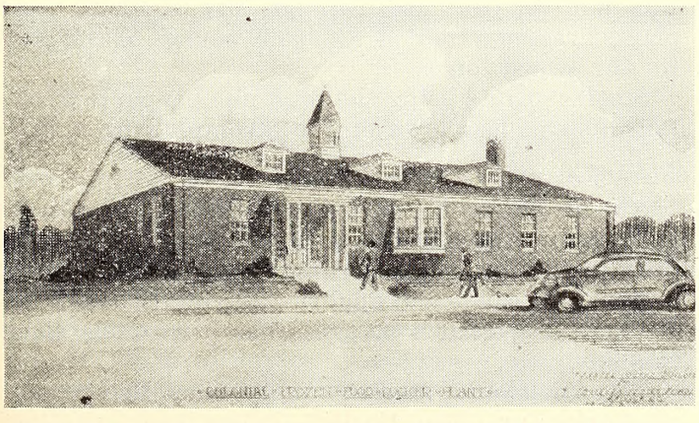
Expansion of Food Processing Plants In North Carolina

BY HILLMAN MOODY, ASSISTANT STATE DIRECTOR,
PRODUCTION AND MARKETING ADMINISTRATION, U. S. DEPARTMENT OF AGRICULTURE

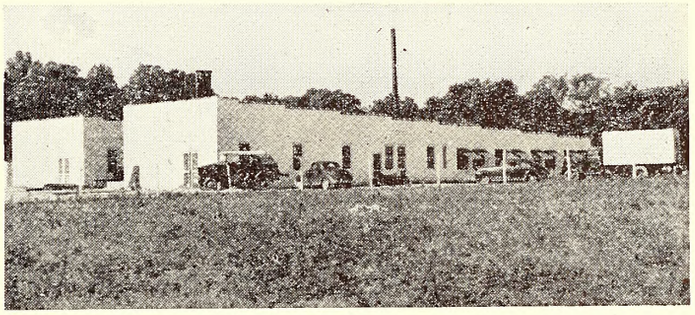
North Carolina is making rapid progress in developing facilities for processing a larger portion of the agricultural commodities produced within her borders. More cotton is being converted into textiles, more tobacco into cigarettes, more timber into furniture, and more food crops are being processed into forms ready for sale to the consuming public.

In colonial times and throughout most of the nineteenth century the South, to a large extent, performed the functions of a colony to the mother country. That is, the South produced large quantities of raw materials such as timber, cotton, tobacco and livestock which were sold at comparatively low prices with little or no processing. These products were shipped into Northern or Eastern centers of population where they were converted into furniture, clothing, smoking tobacco, bacon, lard and other items and sold back to the producer in the finished form at relatively high prices. During recent decades this trend has been reversed in North Carolina to the extent that large quantities of raw materials produced within the State now are completely processed and packaged for sale to consumers. Additional raw materials from many parts of the world now are processed in North Carolina and the resultant finished products are sold all over the world.

During World War II, new food processing plants were built and existing plants were enlarged and modernized. In the so-called "good old days" hogs were marketed by loading the live animals into freight cars and shipping them to Richmond or Baltimore. Cattle were marketed in similar manner. In the poultry producing counties railway "poultry cars" were advertised to stop at one or more county seat towns on specified days and in these cars live chickens were shipped to Northern or Eastern markets. During the period of flush production ungraded eggs were bought through town and country merchants for ten or fifteen cents per dozen and shipped to distant cities. In many communities we



Frozen Food Locker Plant Recently Completed in Wake Forest



Twin Plants of Hudson Seafood & Poultry Company and White Gate Poultry & Egg Company, Raleigh

now have an entirely different situation, in that increasingly larger quantities of such products are processed, packaged, graded and sold as finished products at considerably higher prices. Since this processing is done near the centers of production, there is a saving on transportation costs, the plants furnish employment to a large number of North Carolinians, producers have convenient nearby markets for their products and, after being processed in modern plants under rigid inspection, the packaged and graded food items are sold to consumers in convenient sanitary packages.

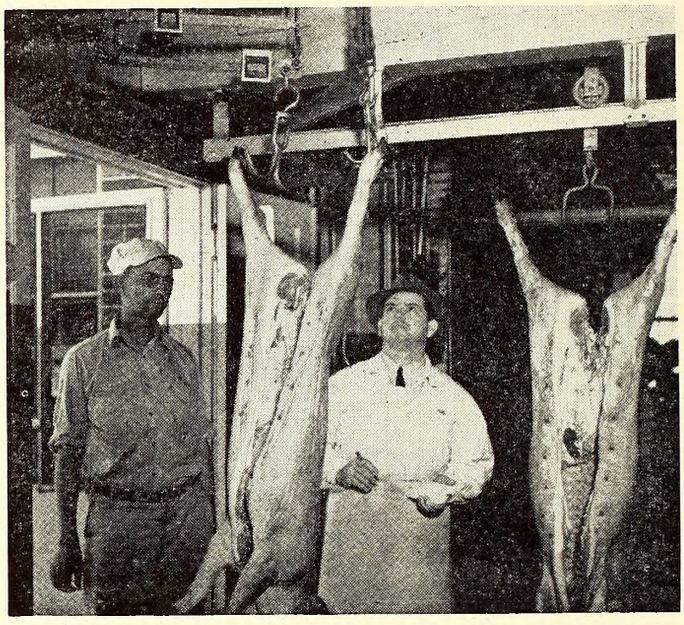
As State Director of the War Food Administration's Office of Distribution, the writer passed on requests for priorities for the construction and operation of food processing plants during the war. Appropriate action then was taken by the War Production Board and the War Manpower Commission. Shortage of materials and labor severely limited the amount of new construction but real progress was made along several lines.

ABATTOIRS

According to J. M. Jarrett, Director, Division of Sanitary Engineering of the State Board of Health, there were, at the outbreak of the war fewer than fifty abattoirs in the State which met the sanitary requirements of the Board of Health. Since the War Food Administration would not issue a license to slaughter beef animals except in places officially approved by the sanitarians, our two offices and our field men worked together very closely in an effort to get modern sanitary slaughter houses constructed in all parts of the State where such facilities were needed. At present there are one hundred of these officially approved abattoirs in operation. They are well scattered over the entire State as shown on the accompanying outline map. About forty others are under construction or being remodeled to meet the standards.

Some of these are small, just large enough for the needs of one man who kills only a few animals per month during only part of the year. Some are large enough to supply the needs of one or more retail meat markets in the community or nearby town. Others

Reception Counter, Frozen Food Locker Plant, Wake Forest



Farmer weighs in his freshly-killed hog at freezer locker plant

are sizeable concerns operating every week in the year supplying quite a number of retail markets. In fact, some of these now are classed as small packing plants complete with facilites for rendering lard, grinding and packing sausage and other by-products.

From the beginning we have stressed the prevention of waste and the complete utilization of all by-products, both edible and inedible. There has been close and effective cooperation with the Fat Salvage Committee throughout the war period. Trucks of renderers make regular calls at abattoirs to pick up fat, bones and hides. This is a great improvement over the former practice in many communities whereby all slaughtering was done in the woods and waste products were handled by dogs and buzzards. Under the present system abattoirs are neat and attractive, the product is clean and the by-products are utilized in making soap, chemicals and medicines.

POULTRY DRESSING PLANTS

At the beginning of World War II, there were several small poultry dressing plants scattered over the State. With the demand for production of more foods, poultrymen responded with heavily increased production schedules. There was a large increase in the demand for dressed poultry, partly due to the war-time scarcity of beef and other meats and partly due to increased purchasing power. People who formerly bought side meat and fat back now were able to buy chicken. So the poultry dressing plants were enlarged and modernized or replaced with modern plants complete with automatic scalding vats and picking machines.

In such plants the live birds are attached by both feet to a clamp suspended by a short chain attached to an overhead traveling conveyor which takes them at the rate of 500 to 1000 birds per hour past the "killer" who kills each bird with one deft stroke of a specially shaped knife. Then the conveyor takes them through a vat of scalding water kept at a uniform temperature by thermostatic control. Next, the chickens hanging head down, pass between two rapidly revolving drums equipped with rubber fingers which remove most of the feathers except heavy wing feathers. Then they pass by several women who remove by hand the remaining feathers. Finally they pass through jet flames of burning gas which singe them lightly, removing fine down and pin feathers. After passing through a "shower bath" of water at high pressure for a final cleansing, they are ready to remove from the conveyor and are placed in cooling vats of ice and ice water to remove the body heat. From these vats they are packed in barrels if "New York dressed" or they go to the cutting tables if they are to be dressed and drawn. In some cases they are completely cut into pieces and the drumsticks, second joints, wings, etc, are packed separately for sale at retail in this manner. In some plants part of the dressed poultry is packed in boxes "quick frozen" at very low temperatures and sold as frozen poultry in stores which sell frozen foods.

Poultry dressing plants geared to mass production are located at the following points:

Eagle Springs, Robbins, Roxboro, High Point, Raleigh, Charlotte, Greensboro, Monroe, Durham and Siler City.

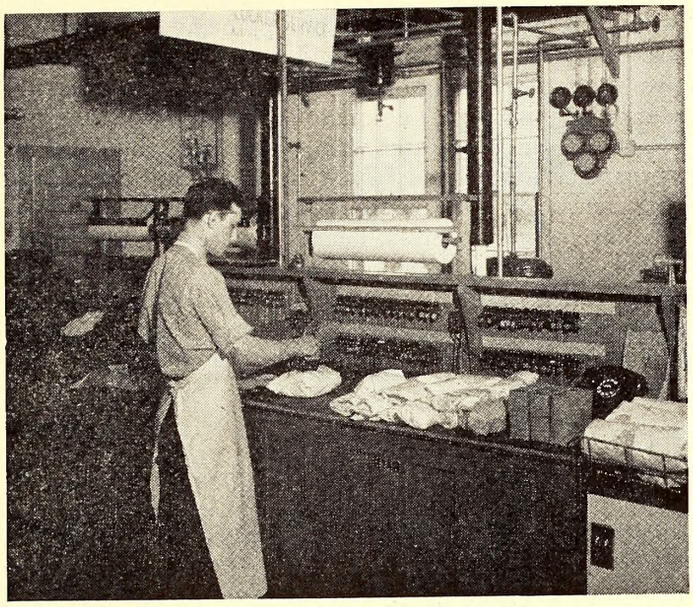
These plants have a combined capacity of about 75,000 birds per day. When the poultry freeze order was in effect from May through August, 1945, these plants dressed a total of 6,200,439 pounds of chickens for the armed forces.

Smaller plants bring the total number up to forty-four, located as shown on the accompanying map.

EGG GRADING STATIONS

At the beginning of the war period there were about a half dozen points in the State at which eggs were graded, packed according to grade and sold on the basis of grade and quality. During the past two or three years much progress has been made along this line.

The Division of Markets of the State Department of Agriculture, the Poultry Department of State College, the Agricultural Extension Service and the



Meats, poultry, fruits and vegetables are wrapped in waterproof paper. Operator stamps packages for identification

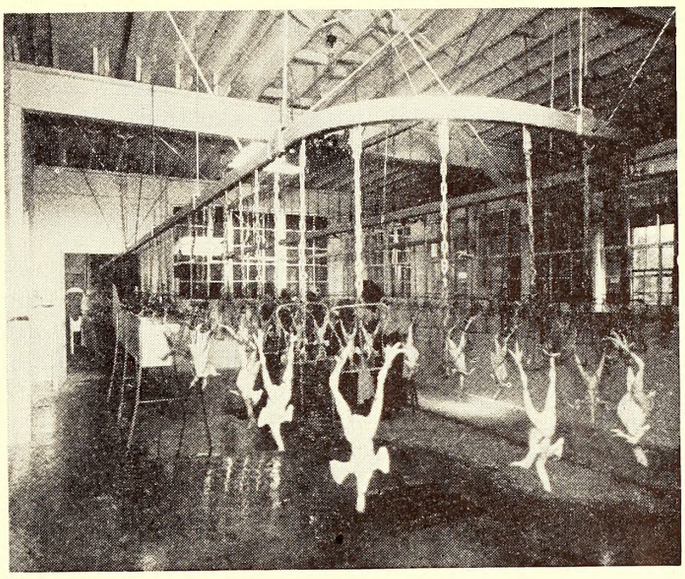
War Food Administration, in cooperation with the N. C. Poultry and Egg Cooperative Association arranged a series of egg grading schools at which interested persons were taught how to grade eggs. Those who passed the examination were granted a license to do official egg grading. At the school held in the spring of 1945 some seventy people enrolled.

Largely as a result of this work there now are about 125 people qualified to grade eggs in North Carolina. Thirty-three egg grading stations are located at points covering most of the heavy egg producing counties but not all of them. Interest in this work is growing and it is felt that during the next few years egg grading stations will be established at quite a number of additional points and that a much larger percent of the eggs will be sold on the basis of grade and quality.

FROZEN FOOD LOCKER PLANTS

The most spectacular development in food processing and storage plants in North Carolina is the rapid increase in the number of frozen food locker plants. On Pearl Harbor Day, December 7, 1941, only two plants were operating in the State, according to Dr. D. E. Brady of State College, who is Secretary-Treasurer of the N.C. Frozen Food Locker Association. These two plants had a total of 800 lockers and took care of about 600 families, as some families rent more than one locker. The two plants represented an investment of about $60,000. On April 1, 1946, we had thirty-five plants in operation with a total of approximately 17,650 boxes which were serving about 13,000 families. According to Dr. Brady these thirty-five plants represent an investment of about one and three-quarter million dollars and they have an annual payroll of around $7,000 each.

Forty additional plants were under construction in April. It is estimated that seventy plants will be in operation by July 1. These seventy plants will be handling about twenty million pounds of meat and meat products annually in addition to about two



Poultry en route from scalding vat to cutting tables

million pounds of fruits and vegetables.

These plants are located in all parts of the State as shown on the accompanying map.

A frozen food locker plant is much more than just a place to store perishable foods at low temperatures in the manner in which some people for many years have stored surplus foods for a time at local ice plants or in cold storage warehouses. Services are available for processing, cutting, curing, packaging and merchandising which makes a freezer locker plant an important economic asset to any community. The facilities and services offered are of great value to both producers and consumers.

Meats, vegetables and fruits may be processed when they reach the peak of their goodness and when available in greater abundance and at low prices. This frequently gives producers local market outlets for enough produce to help supply the needs of several hundred families for a year, at a time when normal markets are glutted. This is true especially of such items as strawberies and peaches which are highly perishable and usually abundant for only a relatively short time. Of course, the consumers benefit by being able to stock up on such items as they become available; then have on hand for use at any time an abundant supply, always ready for immediate use and retaining most of their natural flavor and nutritious values, as well as their bright, natural color.

With a frozen food locker plant nearby, farmers may kill their hogs, cattle or poultry during any season of the year, regardless of temperature, when they reach their prime. Thus feeding expense stops as soon as farm animals are ready for slaughter.

When meat is to be placed in a freezer locker, the patron brings the dressed carcass of the animal to the plant in one piece. Expert butchers do the rest. Pork is cut up, hams, sides and shoulders are cured, sausage is ground and lard is rendered. Some plants smoke meat with real hickory smoke, turning out an attractive product of excellent flavor. Beef is expertly chilled and aged, cut according to the needs of the patron (varying with the size of the family),

packaged and stamped to identify the owner, type of cut and date of processing. Then it is "quick frozen" and placed in the patron's locker. Some plants operate in conjunction with an abattoir. In such cases live animals may be taken to the abattoir, slaughtered on a custom basis for a fixed fee and the carcasses turned over to the freezer locker plant for processing and storage.

Throughout the State reasonable and fairly uniform charges are made for locker rental and food processing. For preparing meats, small charges are made for cutting, salting and smoking, grinding sausage, rendering lard, etc. Usually these costs are figured by the pound of meat handled. In most plants a hog dressing 200 pounds can be chilled, cut up, sausage meat ground, lard rendered, pork salted and hams smoked for about $8.00. An average beef dressing 400 pounds can be chilled and aged, cut up, packaged, "quick frozen" and stored for about $10.00. Likewise a small charge is made for packaging and freezing poultry, fruits and vegetables.

MERCHANDISING POSSIBILITIES

It is felt that tremendous possibilities are ahead in merchandising food through freezer locker plants. In March North Carolina poultry producers reported a surplus of 200,000 fryers and roasters. If a processor with adequate facilities could have dressed and frozen these birds and offered them through the managers of forty-five frozen food locker plants to their 17,000 patrons, the entire lot could have been utilized by all patrons taking an average of only one dozen birds each. Of course all of them would not do it, but it illustrates the possibility. Probably sizeable quantities of peaches, strawberries, seafood and other perishable foods will be marketed in this manner.

Some locker plants provide cold storage facilities for bulk storage of sizeable quantities of perishables produced in their vicinity. The Mount Airy plant will accommodate 50,000 bushels of apples. The North Wilkesboro plant will have room for eggs, either fresh or processed. The plant at Durham will accommodate both eggs and quick-frozen dressed poultry from the egg-grading and poultry dressing plants adjoining. The plant at Burgaw can store 15,000 dozen eggs and this plant and the ones at Wallace, Warsaw and Mount Olive are building large capacities for processing and storing strawberries, blueberries, dewberries, beans, peas and other vegetables including corn-on-the-cob. The plants at Laurinburg, Rockingham and Carthage plan to freeze and store peaches on a large scale. Several plants along the Atlantic Coast expect to process and pack sea food.

Customer removing finished product from freezer locker

PREVENT PORK SPOILAGE

It is estimated that without refrigeration fifteen percent of the pork killed in North Carolina is lost by spoilage. According to D. E. Stewart of the Carolina Power and Light Company, each frozen food locker cures an average of 250,000 pounds of pork a year. The seventy plants which will be in operation by July 1 will cure about seventeen and one-half million pounds of pork. A saving of fifteen percent amounts to 2,625,000 pounds, worth thirty-five cents per pound. This means a saving of $918,750. Other savings to patrons are estimated at $100 per locker each year. For seventy plants averaging 520 lockers each, we will have 36,400 lockers earning for their holders total annual savings on food bills of $3,640,000.

The seventy plants will have an average payroll of $7,500 each, totaling $525,000 a year. Since these plants represent an average investment of $75 per locker, we now have a total investment of about $2,730,000 in frozen food locker plants. This is getting to be a big business. It is a fast growing business. In another year there probably will be 100 plants in operation and in still another year or so we may see as many as 200 frozen food locker plants in North Carolina.

Plants for processing and distributing dairy products have been enlarged and modernized and additional plants have been built during the war period. It is estimated that these plants now represent an investment of three million dollars. Some of these plants rendered outstanding service in supplying dairy products to army camps, naval installations and hospital ships during the war. A North Carolinian, George Coble of Lexington, pioneered the use of frozen fresh milk for use on hospital ships used in returning wounded men from overseas.

Packing and shipping sea food is a business of growing importance and magnitude in the coastal area. The Division of Commercial Fisheries of the North Carolina Department of Conservation and Development now lists thirty-four firms actively engaged in this business on a commercial scale. During the war large quantities of menhaden fish were processed for the War Food Administration according to a special formula. This product was used to help feed the Russian Army at a time when they were turning back the Germans at Stalingrad and in desperate need of additional food.

DEHYDRATION

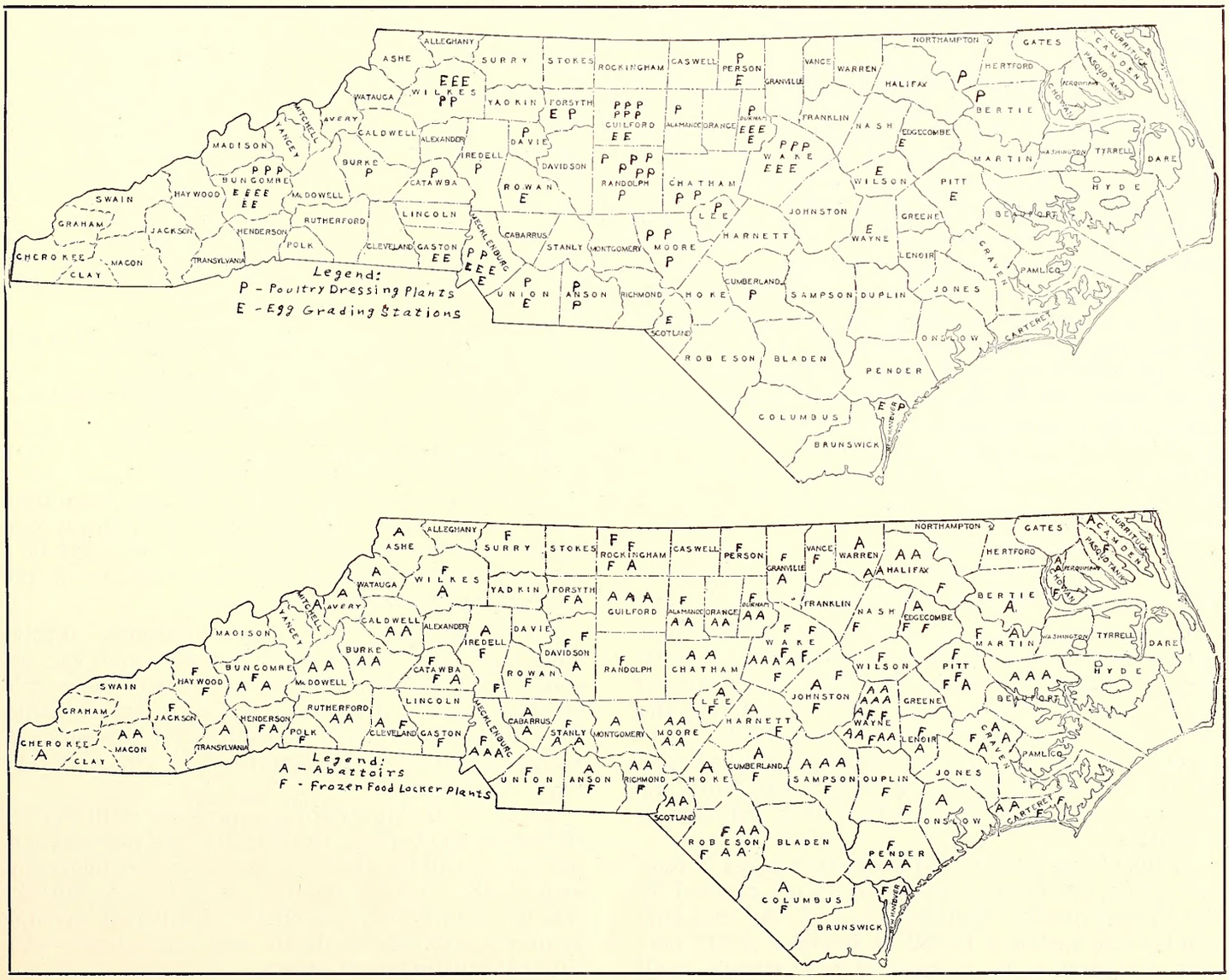
Dehydration played an important part in processing foods for shipment overseas. A plant at Wilkesboro operated for many months each season with a force of women breaking eggs at the rate of thirty thousand dozen a day (1000 cases). Each egg is sniffed for odor. If bad, it is discarded. The good ones are homogenized in a large electric "mixing bowl" then, under high pressure, the liquid is forced through nozzles from which it emerges as a fine yellow mist in a large "oven" at a temperature which dries each particle in mid-air. Like small yellow snowflakes they settle to the bottom of the "oven" from which they are removed by automatic conveyors, cooled by refrigeration and packed in wooden barrels lined with paraffin treated paper. Each barrel holds one hundred and sixty pounds, or the contents of sixteen cases of eggs, as each case of thirty dozen eggs is reduced to about ten pounds of powder.

Sweet potatoes will be dehydrated in a plant at Newton. Modern drying and processing equipment will be installed, including a feed dehydrator which will handle 2,000 pounds of green potatoes per hour. This will enable farmers to sort and grade their sweet potatoes, selling the better grades for table use and utilizing their lower grades for dairy feed. It is expected that additional plants of this type will be built to help utilize the important sweet potato crop which amounts to about seven million bushels a year in this state.

OTHER FOOD PLANTS

The directory of manufacturing establishments issued by the North Carolina Department of Labor lists fifteen meat packing and custom slaughtering plants, twelve sausage plants, twelve plants producing creamery butter, three plants producing condensed and evaporated milk, and forty-seven ice cream plants. Also listed are eight plants which can sea food, seven fruit and vegetable canneries and nine plants which produce pickles. There are seventy-two flour, meal and grits mills and sixteen mills producing feed for animals and fowls.

From the above, it is evident that much progress has been made in processing within our borders increasing amounts of foods of various types. However, it is recognized that there is need for many additional plants and we feel that as more of these plants are built and placed in operation both producers and consumers will be benefitted.



225 NEW PLANTS IN NORTH CAROLINA IN 1945

Nearly $50,000,000 in new investment in North Carolina was made or earmarked by new industrial plants in North Carolina during 1945. The money is to be expended in establishment of 225 factories, and it will provide a payroll of approximately $20,830,500 per year.

In addition to this, existing plants in this state have built or will build 162 additions, investing $36,550,000 and offering additional payrolls of $25,549,000 per year.

To meet the challenge for new jobs, the new and expanded industries will invest approximately $84,210,000, provide work for an additional 34,870 persons, and add $46,499,500 to the state's industrial payrolls. This industrial development was widespread throughout the state, and represented many small, as well as large, concerns,

The figures, compiled by Phillip Schwartz, statistician for the Division of Commerce and Industry, and by the State Planning Board, are called "low". It is thought that the actual summary will run much higher, but due to difficulty of getting exact information on some enterprises, estimates had to be made and these, were uniformly made on the conservative side.

Leading the postwar industrial march in North Carolina is the already gigantic textile industry. Some 78 new plants have been established or are committed to establishment, with an investment of $34,500,000. 73 existing textile plants have or will expand with investment of $24,000,000.

Food and kindred industries will add 65 plants in North Carolina, and furniture 36.

No commercial or other type of building is included in the figures. If commercial, public and other types of building were included the total would run into much higher figures. "The entry of all these firms into North Carolina are considered the culmination of many stimulating factors, including state advertising, follow-ups, the work of Chambers of Commerce, and of other organizations and private citizens. The net result is gratifying and encouraging.

CIRCUMSTANTIAL NEGLECT

The increase in covered employment in food processing in N. C. from 1939 to 1944 was more than 50 percent greater than the average increase in covered employment in all industries. But, considering the acute shortages of, and increased demand for, food products, as well as the improvement in methods and the development of new processes, it has fallen far short of the expansion of which that industry is capable.

In 1939 there were 11,664 workers engaged in food processing, exclusive of small plants not covered by the Unemployment Compensation law. By 1944 this number had grown to 15,232, an increase of 30.6 percent, compared to an increase of 19.3 percent in all industries and an increase of 21.1 percent in employment in all manufacture.

The greatest neglect has been in the possibilities of the processing into valuable and delectable food products the soybean, the peanut, the shark and the menhaden shad. Millions upon millions of the latter are annually cooked and pressed for the oil and fish meal, yet where properly handled it is a most delicious fish, and many connoisseurs compare the roe to the finest Russian caviar.

"Toms Toasted Peanuts" has grown into a business of many millions of dollars in Georgia, while the N. C. peanut is either ground locally for oil, or shipped to other states for more refined and profitable manufacture.

Similarly, the processing of sharks has grown into a business of more than $20 million annually in California, while in North Carolina a similar business which antedated the California venture, folded up with the death of Teddy Roosevelt, who was responsible for the initial undertaking.

Yet it is now urged that we convert sawdust from our loblolly pine into food, while the shark with his rich vitamins lives to prey upon his less fortunate species, or is caught in other waters for foreign consumption. The toothsome menhaden, too, also rich in vitamins, is used for fertilizer, or is shipped to foreign countries to furnish much needed nourishment, while we grow thin acquiring the doubtful virtue of learning to eat and like an artificial ration that could serve a much more useful purpose as building material, of which we are woefully short. The American craves something in his craw more "gritty" than sawdust.

Mark Twain once said, There's something fascinating about science. One gets such wholesome returns of conjecture out of such a trifling investment of fact."

Yes, science is wonderful, but common sense and thrift, even more.

S. F. CAMPBELL.

THE INDUSTRIAL OUTLOOK

Definite post-war expansion programs have been made by 536 employers, exclusive of highway and rural electrification projects, it was revealed in a January survey conducted by local offices of the United States Employment Service.

The expansions, with few exceptions, involve additional plant space and facilities and the accompanying construction should reach huge proportions by July, if materials and labor are available. This expansion also will create jobs for thousands of additional workers, no estimates of which can be made this early.

All of the building projects, probably, will require increased numbers of workers for the construction, but not all will involve large increases in employment as a result. Limited numbers of additional workers will be required later to operate municipal, housing projects, services, wholesale and retail trade, educational buildings and others.

Readjustment Allowances for Self-Employed Veterans in Agriculture

Veterans coming back to our farms from the war and who would like to set themselves up as independent farmers will find that the readjustment allowance program under the G. I. Bill has a special feature designed to help them get started on their own. These are the monthly payments available to veterans in self-employment.

During 1945, $329,750.00 has been paid in such self-employed allowances to North Carolina veterans.

It works this way: Any veteran who is fully engaged in a business of his own may receive a money payment covering the difference between his net income and $100 for the previous calendar month. Many of our farmer-veterans, for the months their crops and livestock bring no returns receive the whole $100.

PURPOSE—READJUSTMENT

To help veterans get established or become reestablished in civilian occupations after their armed service, the G. I. Bill set up a system of allowances to be paid veterans during their readjustment. In North Carolina the Unemployment Compensation Commission handles these readjustment allowances for the Veterans Administration. Veterans should apply to the unemployment compensation claims agents located in the United States Employment Service offices throughout the state.

The allowances are of two kinds: those for the veterans who are trying to find the right job; and those for the veterans who go to work for themselves but don't clear as much as $100 a month at it. A veteran may apply for these any time within two years after his discharge or two years after the end of the war, whichever is the later date (but not more than five years after the war has been declared over).

Of course each veteran has to decide for himself when he comes home whether he wants to go to work right away and claim allowances till he gets set—either in a job or for himself—or whether he wants to let them stand as a reserve against a time he might need them more in months to come.

ELIGIBILITY

To establish eligibility, the veteran will need to show his discharge papers. It doesn't matter in the least whether a veteran ever worked before or not, either for somebody else or for himself, his eligibility for readjustment allowances is based on his military service. This is reckoned in terms of weeks of entitlement. If the veteran saw service for more than nine and a half months, he would be entitled to allowances for the maximum number of 52 weeks.

Thus, while a veteran is looking for a job, or if he is going back to his old job but has to wait a few weeks to get on the payroll, or if he finds a job and loses it, he may claim the weekly allowance of $20. And the number of weeks he would be entitled to receive this depends on the length of his active service.

For veterans in self-employment, the maximum period of entitlement to readjustment allowances is likewise 52 weeks, but the allowance payments are figured on a monthly basis. Since each monthly payment, regardless of the amount, is counted as using up five weeks of allowances, the largest number of such payments a veteran might draw is 10-2/5.

The amount of a readjustment allowance for a self-employed veteran who shows that he has been fully engaged in operating independent business for profit during the past calendar month, will be the difference between $100 and his net earnings for the month.

It is important to the veteran claiming a self-employed allowance that he keep careful records of his income and expenses for each calendar month in order to show that his net earnings came to less than $100. Partnership arrangements are covered. And then the veteran must set out the division of profits, expenses and work-load as between himself and his partners.

100,000 FARMERS

Farmer veterans are those for whom the G. I. self-employment allowances are proving most helpful. Nine out of every ten veterans who are taking advantage of these allowances in North Carolina are engaged in agricultural pursuits.

Some 351,000 men and women entered military service from this state. If they choose to return to civilian occupations roughly in the same proportion as the state's labor force was distributed before the war, we may expect over 100,000 veterans to become agriculturists.

However, although many engaging in farm activities qualify for these readjustment payments, others who apply do not. Out of recent applications to the Unemployment Compensation Commission from 260 would-be farmers, 54 had to be denied largely because they could not show that they were fully occupied for profit in an independent enterprise.

SELF-EMPLOYMENT IN AGRICULTURE

Now what is meant by full self-employment in agriculture under the G. I. Bill? The case of each veteran is of course considered separately. (In Appendices A and B are set out the circumstances in some appealed cases which may serve to illustrate the determining factors.)

The purpose of the G. I. Bill is clear in that it was meant to assist veterans who are attempting to set themselves up in business. The law specifies that an individual must be fully engaged in an independent operation for profit, and in addition, must be doing those things which are reasonably calculated to promote the success of his undertaking. The fact that a veteran devotes his full time to farming activities is not alone sufficient to qualify him as self-employed. A person may be employed on the farm in the same manner as he may be employed in a factory, working at all times under supervision,

though the method of determining his compensation may differ. A person working as an employee on the farm is not self-employed within the meaning of the law.

FARMING ON SHARES, OR TENANT FARMING

Where a veteran is working the land belonging to another, on terms which are purely those of a rental contract, he could qualify for readjustment allowances as a self-employed farmer. If his rental agreement is such that he has the authority to keep others off the property, hire his own help as needed, purchase his seed and fertilizer where and when he pleases, determine how his own farm work shall be done, and sell his share of the crop after a division is made where and when he chooses, the veteran might be considered an independent contractor—within the definition of self-employment.

On the other hand, if the veteran is working a piece of land for another, on terms by which the landlord controls and directs the veteran's activities, and the veteran's share in the crop amounts only to a means of settling his wages, the veteran would be held to be working in the relationship of an employee for an employer—and not self-employed for purposes of readjustment allowances.

FARMING AS A MEMBER OF A FAMILY GROUP

A veteran who returns to farm work as a member of a family group, will be considered self-employed only if he can show either (1) that he has assumed full charge of the family undertaking, or (2) that his share in the responsibility and the income of the family's agricultural enterprise amounts to his being fully engaged for profit for himself, apart from family controls.

If the veteran is merely renewing a family relationship, where the major part of his work is directed by another member of the family, and where his share in the family income is a means of paying him for work performed for the family, he must be considered as doing such farm work in the relationship of an employee for an employer, and not self-employed within the meaning of the G. I. Bill.

SELF-EMPLOYMENT CLAIMS

Any veteran who is now farming and believes he is entitled to self-employment allowances should inquire about them from a claims-taker for the Unemployment Compensation Commission in one of the U. S. Employment Service offices.

In addition to showing his discharge papers to establish his eligibility as a veteran, he should come prepared to give a statement of his income and expenses during the past calendar month. And if he is farming on an arrangement with a landlord or in partnership with a member of his family, it will be necessary for him to show that his share in the farming operations amounts to an independent venture under a definite contract agreement.

CONDITIONS AFFECTING SELF-EMPLOYMENT CLAIMS

A veteran should not file a claim for self-employment until after he has been self-employed for one full calendar month. The claim may then be filed at any time between the first and twentieth day of the month following.

The self-employed veteran does not necessarily have to file his subsequent claims for consecutive months of self-employment.

A denial of a readjustment allowance for lack of self-employment during one month, does not prejudice a veteran's right to file another claim later, if and when he meets the conditions of self-employment.

The basic test under the statutory requirement is whether or not the veteran was fully engaged in self-employment during the month for which an allowance is claimed. If this test is met and a determination is made that the veteran was self-employed and fully engaged in the prosecution of his business during that month, any income received by him for services performed as casual labor or incidental to his business will not preclude him from securing an allowance.

The self-employed veteran should be urged to bring complete income and expense data with him. It is necessary that the claims-taker be able to develop an adequate picture of the veteran's operations so as to determine net earnings.

If the veteran's business is a partnership, the names of the partners and the percentage share of each in the business must be shown.

DETERMINING "NET EARNINGS" OF A FARMER

The term "net earnings" means the net amount earned by the veteran in any given month which may serve the purpose of his immediate livelihood. It represents the gross income received by him through his self-employment, reduced by the amount of expenses paid in connection with his business operations.

Cost of living and family expenditures may not be deducted as a business expense.

The value of any self-produced products consumed—products withdrawn from the business for the maintenance of the veteran and his family, such as eggs, vegetables, wood used in heating home, etc.,—must be listed as income and shown at the value of prevailing market prices.

A cash basis is used in reporting a veteran's income and expense. That is, the record should show only income actually received and expenses actually paid during the month covered by the claim.

CAPITAL COSTS AND CURRENT EXPENSES

Capital outlays are not considered as current expenses in figuring net earnings during a month. For instance, the purchase of trucks, tractors, tools and other such equipment, or the cost of a new building would be capital costs rather than expense items. Whereas fuel for the tractor, replacements of worn parts, repairs to buildings, etc., would be expense items. The cost of a plough is a capital cost; a new plough-share an expense item.

Livestock purchases for use on the farm are considered capital costs. An exception would be livestock purchased for resale. A poultry man raising

fryers for market would report the cost of baby chicks among his expenses.

However, profit realized from the sale of a capital item, such as a truck or a mule, should be reported as income. That is, if any such capital item has been sold during the month covered by the claim, the difference between the cost price and the sale price should be reported for that month as income if it is a profit, and as an expense, if it is a loss.

MONTHLY RECORDS

It is easily seen that it is essential that the farmer-veteran in claiming a self-employed readjustment allowance have an accurate financial account of his previous month's operations. As to income, his report should list the amounts received for the sale of any farm products—tobacco, cotton, peanuts, grain, livestock, poultry, eggs, dairy products, etc.—including the value of home-grown products used by the family. As to expenses, his report should include all such items as rent or taxes, seed and fertilizer bought, feed for stock, wages paid to employees, licenses on farm vehicles, but not on family pleasure car, light and power used in farm operations but not for personal use, repairs to farm buildings other than residence, repairs and repair parts for equipment, but not items of personal or family expense such as clothes and food.

EXAMPLE

INCOME			EXPENSES		Net Earnings
Cash received from:			Rent	$ 00 00	
Gross sales	$ 00.00		Utilities	00.00	
Cost of goods sold	00.00		Taxes	00.00	
			Wages paid	00.00	
Net sales		$ 00.00	Other expenses:		
Market value of (self-produced) products used			Feed bought for poultry and stock	25.00	
Eggs, milk and vegetables		24.00			
Wood for fuel		6.00	Total Expenses	25.00	$ 5.00
Total Income		$ 30.00			

This veteran's readjustment allowance for the month in question would be $100.00 less his net earnings of $5.00, or a cash payment from the Veterans Administration of $95.00.

APPENDIX A

FARMER-VETERANS NOT SELF-EMPLOYED

(1)

Prior to his induction, this claimant lived with his father on a two hundred sixty acre farm, sixty acres of which is cleared land and fifty acres are in cultivation and are usually cultivated from year to year. This claimant works at all times under the supervision of his father in doing those tasks which are assigned to him and assumed no responsibility for the control and operation of the farm. It has been customary for this claimant's father to give him individually a one-half interest in several acres of tobacco as compensation for his services and during the year of 1945, this claimant was given one-half interest in four acres of tobacco which he cultivated on the land of his father, rent-free, the father furnishing the seed, fertilizer, livestock, and farm equipment. It is obvious to qualify for these allowances, an individual must be doing those things which are usually done to establish himself in a particular business. In the instant case, some of the acts which would tend to show this claimant was seeking to begin business for himself would be the acquisition of land either by lease or by deed, the acquisition of farming equipment and livestock, etc.

This claimant does not even contend that he has attempted to establish himself as a farmer and freely admits that he works with and for his father, under his father's supervision on his father's farm, and receives wages in the form of one-half interest in four acres of tobacco and his room, board, and other material wants.

Men and Women in Military Service in North Carolina and Number That Might be Interested in Agriculture on Basis of Distribution of 1940 Labor Force.

COUNTY	Total in Service	Estimated No. Agric. Prospects	COUNTY	Total in Service	Estimated No. Agric. Prospects
Alamance	6,811	915	Jones	852	697
Alexander	1,332	623	Lee	1,962	687
Alleghany	552	299	Lenoir	3,621	1,533
Anson	2,263	1,043	Lincoln	2,577	1,092
Ashe	1,638	862	Macon	1,646	684
Avery	1,301	517	Madison	1,767	1,165
Beaufort	3,177	1,486	Martin	1,847	1,059
Bertie	1,718	1,062	McDowell	2,719	455
Bladen	1,862	975	Mecklenburg	19,775	1,274
Brunswick	1,396	657	Mitchell	1,359	436
Buncombe	12,486	1,292	Montgomery	1,715	520
Burke	4,104	646	Moore	2,252	585
Cabarrus	7,415	684	Nash	4,784	2,303
Caldwell	4,025	594	New Hanover	5,755	361
Camden	348	196	Northampton	1,727	1,075
Carteret	2,025	693	Onslow	1,722	1,177
Caswell	1,605	1,137	Orange	2,469	746
Catawba	5,945	1,000	Pamlico	858	456
Chatham	1,886	823	Pasquotank	2,016	348
Cherokee	1,917	626	Pender	1,435	875
Chowan	877	426	Perquimans	623	324
Clay	604	325	Person	2,084	1,463
Cleveland	6,169	2,118	Pitt	5,035	2,645
Columbus	4,060	2,490	Polk	1,215	465
Craven	2,717	891	Randolph	4,471	1,017
Cumberland	5,854	1,154	Richmond	3,561	215
Currituck	489	268	Robeson	6,167	3,595
Dare	843	167	Rockingham	6,246	1,636
Davidson	5,839	1,025	Rowan	8,145	1,005
Davie	1,450	601	Rutherford	4,726	1,412
Duplin	3,201	2,158	Sampson	3,350	2,338
Durham	8,574	514	Scotland	1,923	830
Edgecombe	3,873	1,676	Stanly	3,502	707
Franklin	2,179	1,332	Stokes	1,658	1,253
Forsyth	13,533	919	Surry	4,425	1,656
Gaston	11,099	881	Swain	1,402	404
Gates	724	464	Transylvania	1,546	304
Graham	770	229	Tyrrell	474	172
Granville	2,155	1,239	Union	3,537	1,833
Greene	1,309	1,853	Vance	2,770	915
Guilford	18,187	1,575	Wake	11,456	2,452
Halifax	4,244	1,659	Warren	1,632	993
Harnett	4,028	2,010	Washington	1,186	400
Haywood	4,007	997	Watauga	1,618	844
Henderson	3,049	865	Wayne	4,876	2,104
Hertford	1,313	668	Wilkes	3,735	1,465
Hoke	1,155	723	Wilson	4,502	2,018
Hyde	662	662	Yadkin	1,708	1,047
Iredell	5,289	1,454	Yancey	1,473	768
Jackson	2,053	785			
Johnston	5,130	3,119	Total	351,146	105,185

(2)

This claimant was discharged from the Service after eight months because of a nervous condition; that, the claimant is married, has two children, and has farmed practically all his life. Claimant rents approximately ten and one-half acres of land from A. A. C—— and cultivates thereon crops, the nature of which is decided by A. A. C——. That the claimant owns no farming equipment other than a horse and he uses the tools of his landlord in the cultivation of the land, said landlord supervising all the operations incident to this ten and one-half acre tract. Claimant receives for his services a house in which to live, firewood off the place to be used in winter, and a portion of the crops raised. There is no written agreement between the claimant and his landlord, and the verbal agreement between them lasts for a period of one year only. That, claimant is entitled to the possession of the premises only for the purpose of cultivating the crops and performing the other duties incident to the care of the ten and one-half acre tract; that, if the claimant fails to properly perform his duties his landlord is entitled to revoke the agreement and order the claimant off the place.

To be self-employed within the meaning of the Act it is necessary that a claimant be free from the control and supervision of others, and, according to the claimant's own testimony and that of his landlord, these conditions do not exist in the working agreement between the claimant and the owner of the land. The fact that the claimant receives a portion of the crops he raises and his compensation is, therefore, partially dependent on the manner and the thoroughness with which he does his work does not make the claimant self-employed. It is obvious that the house being furnished the claimant for use by himself

and his family, and the portion of the crops he will receive are a method of determining the claimant's wages rather than determining the rent to be paid to the landlord.

(3)

Claimant is a nineteen year old unmarried white man who lived with his family prior to entering the Service and worked on the farm when his services were needed; that, the claimant's older brother directs the farming activities and assumes the responsibility thereof. That, the claimant receives no wages, and his wants are cared for, as are the wants of all members of the family, from funds acquired through operation of the family farm. That, the claimant is not obligated to assist in the maintenance of the home in any way, and that, when he needs money he gets it from the older brother who markets all the produce. Claimant devotes the majority of his time to assisting on the family farm, but owns no livestock or farming implements in his own right. During the winter months the claimant customarily secures employment at or near his home in varied mining operations, giving up this employment in the spring when his services are needed on the farm.

From the facts above stated, it is clear that this claimant assumes no responsibility for the farming activities on the family farm and that his services, when rendered, are considered to be gratuity, as he receives no definite pay and has no definite agreement with his father or his brother concerning his compensation.

There is no evidence which indicated that the claimant is attempting to establish himself as a farmer or that he intends to continue farming as a means of livelihood or for profit.

(4)

A veteran-claimant who lives with and assists his father as a member of the family in caring for approximately 130 acres in cultivation and who has seven acres of father's land in cultivation for himself but devotes most of his time to helping his father, HELD not self-employed within the meaning of the Servicemen's Readjustment Act of 1944.

By a comparison of the acreage in cultivation by the father against that in cultivation by this claimant, it can be readily seen that this claimant devotes considerably more of his time and efforts to assisting his father than he does to the maintenance and care of his seven acres. The fact that this claimant owns no farming tools or equipment and utilizes those of his father as well as working under the supervision of his father indicates that there exists between them the relationship of perhaps employer and employee. The father gives this claimant land, rent-free, to cultivate, and room and board for this claimant and his family of three as compensation for assistance rendered.

It is difficult sometimes to describe the exact relationship which exists between the father and son or any parents and their children because of the mutual trust and understanding which has existed between them for years. It is obvious in this case that this claimant is not an independent operator free from the control and supervision of his father; this claimant expressed the intention of farming as a means of livelihood and profit in the future, but this fact can not be considered in determining his eligibility under these claims as this claimant has not yet established himself within the meaning of the Readjustment Act.

(5)

The claimant is a young white man, twenty-two years of age, and was discharged on July 3, 1943, after nine months' service in the Armed Forces. The claimant is not married and lives with his parents on a small farm, where he helps his aged father care for two and one-half acres in cultivation. The claimant and his brother own another tract of land and the claimant has approximately four acres in cultivation. The claimant does the work for himself and for his father and still has approximately two or three days each week that he could devote to other employment.

Since the claimant, by his own admission, is not fully engaged, and since he has sought no other work, it cannot be contended that he is doing those things which would reasonably be calculated to advance the interest of his business, and it is therefore concluded that the claimant is not self-employed within the meaning of the Servicemen's Readjustment Act of 1944.

(6)

A veteran-claimant who after discharge marries and lives with his wife's people on a twenty-five acre farm as a member of the family and performs, without compensation, the necessary services to assist his afflicted father-in-law in caring for approximately six acres of varied crops, and who has no personal interest in the crops except as a family member. HELD not self-employed within the meaning of the Servicemen's Readjustment Act of 1944.

It has been this claimant's custom to secure work when the crops have been harvested in timber, such as logging or sawmill work, and he expects to continue following this policy. The claimant receives no set compensation for his services and shares in the produce raised the same as any member of the household.

APPENDIX B

FARMER-VETERANS SELF-EMPLOYED

(1)

Claimant is a thirty-four year old man discharged on June 4, 1943, after approximately seven months in the Armed Forces. He has rented three acres of land, built fences and houses, coops, etc., on the land for the purpose of raising turkeys for commercial market. This claimant has had approximately fifteen years' experience raising turkeys and at this time has four hundred turkeys. Claimant buys turkeys from hatchery and raises them. Claimant has devoted his full time to this work during the past few months. This claimant uses scientific methods and controls and in six months raises turkeys from one-day old poults to an average of twenty-three pounds each. Claimant has in cultivation several acres of small grain for the purpose of feeding the turkeys and constantly rotates their pasture. He has expended considerable money in purchasing and caring for these fowls and plans to market them Thanksgiving and Christmas as they are the best marketing periods.

The raising of turkeys for commercial purposes is considerably different from raising chickens. Even with modern equipment which this claimant does not have, young turkeys require much attention. This claimant's long experience qualifies him for this enterprise, and he has done all those things which can be reasonably calculated to promote the success of his enterprise.

(2)

The claimant is a young white man twenty-five years of age, is married, and has one child. That claimant was discharged on July 8, 1945, after approximately five and one-fourth years in the Armed Forces. This claimant's mother owns a farm of approximately one hundred sixty acres of which approximately fifty acres are cleared and are capable of cultivation. This claimant is one of three children who will be the heirs of his mother, and this claimant plans to purchase the remaining interest from his brothers and to be the sole owner of the place eventually. During the month of July, this claimant rented approximately twenty acres of land capable of cultivation from his mother along with the tobacco allotment of five acres and pays as rent one-third of the proceeds from the sale of the tobacco. This claimant lives on the land and during the month of August, 1945, devoted his full time to the repairing of the buildings thereon, cutting weeds, turning the ground for winter crops, preparing tobacco beds, filling ditches, and in other ways seeking to improve the land he expects to make his permanent home. This claimant owns some farming tools and has placed orders for the other necessary farming equipment which is to be delivered as soon as it is available. Claimant owns six pigs and about eighty chickens and is on the lookout for a mule. That claimant because of his experience in farming plans to make this activity his life's work and the place where he is now living his permanent home.

In this case, this claimant has done everything possible since his discharge to establish himself as a farmer. The land he rents from his mother in a sense belongs to this claimant certainly more so than if he were renting land from a stranger. He has been devoting his full time to the improvement of the place and preparing it for future cultivation though he was

prevented from preparing crops this year because of the lateness of his discharge. It has been held in numerous cases that an individual who has chosen his business and has devoted his full time to doing those things which are reasonably calculated to promate the success of his enterprise was self-employed. This claimant by his words and by his actions has evinced an intention and a desire to farm as a livelihood. This claimant is now and was during the month of August, 1945, self-employed within the meaning of the Readjustment Act. Benefits were allowed him.

(3)

This claimant is a thirty-eight year old white man who, after thirteen months' service in the Armed Forces, was discharged because of an injury to his left hand which deprived him of the full use of all fingers. The claimant was awarded a twenty percent disability pension, and that further operations are necessary before he can return to normal civilian life.

The claimant owns a thirteen acre farm and lives thereon with his wife and two children, and was discharged from the service in April, 1945. Claimant has two young sons, ages fourteen and seventeen, and they have helped him considerably with his farm activities. Because of his affliction, the claimant realized that he would be acceptable to only a few employers and decided to farm as a vocation. He has purchased a horse and farming equipment, and he began farming on as large a scale as was practical in view of his injury and the lateness of the planting season at his disposal. Claimant could not have cared for as much as he had in cultivation had it not been for his two able-bodied sons who were of great assistance to him.

The claimant, upon being notified that his claim for self-employed readjustment allowances for the months of June and July were denied, was forced to seek other employment, and of his own initiative secured employment as a guard at a prison camp where he is now working. It is the claimant's intention to continue his farming activities when he is financially able to do so.

It was obviously the intention of the sponsors of the Servicemen's Readjustment Act of 1944 that benefits paid under this Act be used to assist veterans to rehabilitate themselves in civilian life, but it is first required that a claimant show that he is making an earnest effort to do this.

The claimant was discharged from the Service in the latter part of the planting season, and apparently he has done everything possible, with the help of his two young sons, to establish himself as an independent farmer. The claimant is not subject to any supervision but is free to act and do as he sees fit on his own premises. He has further evinced this intention to farm by purchasing the necessary equipment, and by doing as much as possible in the short planting season remaining in the year 1945 in the way of cultivating crops during the growing season.

From a consideration of all the facts, it is concluded that the claimant is self-employed within the meaning of the Servicemen's Readjustment Act of 1944.

(4)

The claimant is a white man thirty-three years of age, and was discharged after fifteen months in the Armed Forces of the United States because of a nervous disorder and trench feet. The claimant was awarded a fifty percent disability pension.

The claimant now owns and did own prior to his entrance into the Service a small eight-acre farm where he lived and worked in a textile mill, farming on a small scale to supplement his earnings in the mill. Following his discharge the claimant tried to work in a mill, but he was unable to work more than one day because his feet swelled and became blistered from the exertion required.

The claimant has been, since March, 1945, devoting his time to farming activities on his small farm to the exclusion of all other work. The claimant owns some farming equipment and has access to a horse owned by his father who lives nearby. Claimant has approximately five acres in cultivation, a majority of which has been devoted to truck farming. The claimant, during the months of July, August and September, 1945, sold more than $100 worth of produce each month and filed no claims for self-employed readjustment allowances to cover those months.

The claimant owns his land and is free from the supervision and control of any individual, he owns some farming equipment and is attempting to obtain more, and from the overall picture is attempting to establish himself in order that he may adequately provide for himself and his family. In the opinion of the undersigned this qualifies him as self-employed within the meaning of the Servicemen's Readjustment Act of 1944.

(5)

The claimant in this case was honorably discharged by the Navy on March 5, 1945. Before entering the Navy, his only work experience was on a farm. He is married and has under his control twenty-five acres of land on which his home is located and where he lives alone with his wife. At the appropriate time, he planted one acre to beans, one acre to potatoes, and one acre to tobacco. He has eight acres in pasture (meadow and hay). The rest of the land is not cleared. He has one cow, one hog and had two hundred chickens. A cat killed most of his chickens. He now has fifteen hens and thirty-two young chickens.

During the month of June, his income from the sale of beans was $210. He expects to market his tobacco around the first of the year. He doesn't know yet if he will have any potatoes for sale. He is free from all direction and control in his activity. He owns some farming equipment, tools, etc. He borrows other tools and equipment when necessary. He testified that not only had he himself been fully engaged in his venture, but on occasions had to hire outside help to help him in harvesting his beans and tobacco. He testified that if nothing happens he will realize a profit from his venture and that he fully intends being a farmer the rest of his life.

There is no competent evidence that claimant in this case was not fully self-employed during the month of July.

(6)

Claimant is a young white man, thirty-two years of age, and was discharged after approximately two years of service in the Armed Forces because of stomach trouble, for which the claimant now receives a ten percent disability award. Before entering the service the claimant worked as a dairy hand and as a painter, and he sought to continue this work after his discharge but found that because of his physical condition he was not able to work at all times as is normally required when one is working as an employee. Claimant was married shortly after his discharge, and he entered into an agreement with his aged father-in-law to care for his seventy-acre farm. Claimant was to give the father-in-law one-third of all crops produced. This agreement specifically set forth that the claimant was to have complete charge and control of all operations, was to determine what crops were to be planted, when they were to be harvested, etc., in addition to what repairs, if any, should be made to the out buildings, fences, and the like. The landlord was to have no authority over the claimant in the operation of said farm. The landlord is an aged man and has not been able to care for the place for several years, and as a result some of the land which was capable of cultivation has grown up and will require considerable attention before it is fit for cultivation; nevertheless, the claimant has in cultivation approximately ten acres this year.

It was further agreed that the claimant should take over all stock and equipment belonging to the land owner and was to operate the farm in all respects as if it were his own.

This veteran-claimant obviously has complete charge and control of the farm to operate as if it were his own, and is free from any supervision or control of the land owner. It is further evident that the claimant is qualified to begin farming operations, as he has sufficient farming equipment and livestock to cultivate the land. Claimant is clearly "on his own" since he has complete charge and control, is responsible for all expenditures for fertilizer, seed, and the like, and is responsible for the marketing of the produce raised and the proper distribution of the proceeds.

At the hearing the claimant clearly expressed his intentions of devoting his full time to farming as a means of livelihood, and he set forth that he was influenced in his decision to farm by the fact that his stomach trouble would not let him perform work for others as an employee and he could, by working as his own boss, better care for himself physically by working when he felt like it and resting when he felt it was necessary. It would seem that this claimant's activities should be classi-

fied as self-employed within the meaning of the Servicemen's Readjustment Act of 1944.

(7)

The claimant is twenty-nine years of age, single, and lives with his father, mother, and brother at Hawk, N. C. He pays his father $4.00 a week for room and board. In the year 1938 the claimant purchased a tract of land composed of 39 acres and during planting season of 1945 he has approximately ten acres under cultivation in such crops as corn, potatoes, hay, and a garden. The claimant suffers from an injured spine and is physically incapacitated to perform any manual labor; therefore, he has employed his father to plant and cultivate the crops on the aforesaid farm for which he pays his father $4.00 a day. He owns two horses and other stock and farming implements. During the late spring of 1945 he obtained timber rights to 175 acres of timber which is located near his farm, and has also purchased a sawmill and is cutting this timber. The claimant pays the lessor 15 cents on the dollar for timber actually cut and sold. The operations with respect to cutting of timber actually got underway during the latter part of August 1945. The operations of the claimant's farm and sawmill are integrated and are inter-dependent in that he uses his stock in the hauling and cutting of timber when not being used on his farm, and that produce raised on his farm which is not sold is fed to the stock and consumed by his and his father's household.

This claimant has been unusually successful in his operations in spite of the fact that he is afflicted with injuries which incapacitate him. Subsequent to the claimant's separation from service, he effected negotiations with his father to plant, cultivate, and harvest the crops on his farm for which he paid his father a cash consideration.

This claimant has obtained timber rights to a large tract of land, has obtained a sawmill, and at the time of the hearing was operating a lumber manufacturing establishment which employs twelve people.

HOW PAYMENTS ARE MADE

Self-employed veterans file their claims for readjustment allowances in the same way and at the same places as veterans who are without work and seeking jobs in industry or commerce. These places are the United States Employment Service offices located throughout the state, or any of the additional points which interviewers and claims-takers visit on certain days.

The veterans' claims are then forwarded to the central Raleigh office of the Unemployment Compensation Commission. Here a staff of claims examiners reviews the information recorded on the claim forms and decides whether or not an allowance should be paid. When the determination is in the affirmative, as the majority of them are, a pay authorization is made out.

An authorization for an allowance to a self-employed veteran is sent by the Commission to the Veterans Administration, which in turn writes the check and mails it to the veteran at his home address.

SOME ASPECTS OF ECONOMIC DEVELOPMENT IN N. C. SINCE 1900

BY A. J. MAXWELL

Director of N. C. Department of Tax Research

Under the above title Mr. Maxwell gives an illuminative review of North Carolina industrial progress during the past century. Probably no man in the State is as well fitted for such a work. If for no other reason than taxation purposes, Mr. Maxwell has kept a close finger on the industrial pulse of the State for many years.

Noted for conservation in thought and word, Mr. Maxwell's presentation may be accepted at face value as a modest statement of North Carolina's claim to leadership in industrial progress during a period of transition from a purely agricultural State to an industrial empire, in which more than two-thirds of its non-agricultural work, at the same time, without sacrificing its position of pre-eminence in agricultural production. For, according to records of the government, if all field crops be considered, North Carolina is in third place, rather than sixth, as to cash income from crops, and is surpassed only by California and Texas, while its cotton textile plants consume more than 26 percent of the cotton used by textile plants in the United States, and they employ 33 percent of the country's textile labor.

The most disconcerting feature of this forward movement is that, despite the tremendous strides the State has made, there were in 1940 485.1 workers employed for each thousand of employable persons; while in 1930 the ratio was 485.2. Therefore, from the standpoint of over-all employment, we have actually lost ground, and it could hardly be said that economic conditions showed an over-all improvement during that decade. Some of that loss in ratio of employment came from technological changes, and the prevailing low-wage scale in the State, as a result of which the State lost 62,000 workers between 1930 and 1940; and from 1940 to 1943 the loss was much greater, 262,000, exclusive of military inductions. Some of the loss may be ascribed to our increasing birth rate following the last war which was reflected in an increased labor force during the past decade.

Whatever its industrial progress has been, its future laurels will rest, not so much upon its position relative to other states, but upon whether it can provide profitable employment to its own citizens and stop the shift to other states of its young and most productive workers, which constitutes its most serious economic loss.

S. F. C.

THE LAW IN ACTION

BY R. B. BILLINGS, SENIOR ATTORNEY, U. C. C.

Information pertaining to the policies and interpretations of the Commisison in administering the labor dispute provisions of the Unemployment Compensation Law, particularly with reference to policies as applied at the administrative and appeal level in determining the rights of claimants has been frequently requested.

If the Commisison receives word that an alleged labor dispute exists in a particular area, the Claims Deputy in the area is instructed to contact the employer and a representative of the employees to obtain from these parties information concerning the alleged dispute. From the information obtained, the Claims Deputy determines if there is a labor dispute in existence at the plant or premises of the employer, and if a stoppage of work exists at the plant or premises because of the labor dispute.

STOPPAGE OF WORK

If the Claims Deputy finds there is a stoppage of work due to a labor dispute, he prepares a form entitled "Notice to Workers—Labor Dispute." This notice cites Section 96-14, paragraph (d) of the Unemployment Compensation Law of North Carolina, which reads as follows:

> "An individual shall be disqualified for benefits: (d) For any week with respect to which the Commission finds that his total or partial employment is due to a stoppage of work which exists because of a labor dispute at the factory, establishment, or other premises at which he is or was last employed."

This notice contains a statement that the Claims Deputy has found there was a stoppage of work at the plant of the employer, if such be the case, and sets forth the beginning and ending date of such labor dispute, (if the labor dispute has ceased to exist). It further specifies that if a worker participates in, finances, or is directly interested in the dispute which caused the stoppage of work, that he is not eligible for benefits.

The worker is instructed by the terms of the notice that if he feels that the determination is in error as it affects his rights to unemployment benefits, he has the right to file a claim at a designated place (which is the nearest employment office) at a specified time, and that his rights then will be determined after testimony is presented as to the facts in a formal hearing. Five copies of this notice are mailed to the employer, and he is requested to post this notice in conspicuous places in his plant. The deputy also makes a determination as to the facts and mails a copy to the employer at the time such notices are mailed. A copy of this notice, together with a copy of the deputy's determination, is mailed to representative of the employees and to the employment office where it is posted on the bulletin board.

If the Claims Deputy finds from his investigation there was not a stoppage of work due to a labor dispute at the plant or premises, he makes a determination to this effect and mails a copy to the employer, who is requested to prepare a notice of lay-off for each worker involved in the alleged labor dispute, and he immediately makes arrangements to take the claims of the employees involved.

The Commission, in applying the labor dispute provision of the Act, holds that the burden is upon the employer to show that a stoppage existed at his factory, establishment, or premises, and further that this stoppage is caused by a labor dispute at the premises, and that as a result of the existence of these two conditions, the claimant is unemployed. When an employer makes a prima facie showing that these conditions exist, the burden shifts to the claimant to show to the satisfaction of the Commission that he comes within the exceptions provided by the statute. These are, namely, that he is not participating in, financing, or directly interested in the labor dispute.

In defining what is a "stoppage of work," the Commission interprets the words to mean a stoppage of work carried on in the factory, establishment, or premises of the employer. The work referred to is not the labor of an individual worker, but the general work carried on in the factory or establishment where the worker performs his services and the words "stoppage of work" do not refer primarily to the discontinuance of the labor of an individual worker.

Before any disqualification is inflicted under this section of the Act, it must be shown that the unemployment of the claimant is caused by the labor dispute in question. The Commission has consistently held that where claimants are separated from their employment prior to the commencement of the labor dispute, that such claimants shall not be disqualified as a result of the dispute which arises after the employer-employee relationship has been terminated.

PRELIMINARY HEARING

When a group of claimants file for benefits who are unemployed due to an alleged labor dispute, a hearing is conducted by a deputy and evidence is taken, after notices are mailed to all interested parties. Both the employer and the claimants are given an opportunity to present testimony concerning the facts in the matter. The claimants are requested, but not compelled, to select a spokesman from each department in the plant to present the facts for the members of that particular department. However, all claimants are informed at the hearing by the deputy conducting the proceedings, that each claimant has the right to testify concerning his claim for benefits if he so desires. After the

evidence is taken, a transcript of the record is forwarded to the Commission, and a decision is rendered on the facts presented as to the eligibility of each claimant or group of claimants for benefits under the law.

INTERPRETATION OF "GRADE OR CLASS"

It is impossible to define grade or class of worker so that the definition applied to all classes regardless of the facts involved. We have taken the position, therefore, that the term "grade" refers to the particular position or rank (usually identified as an occupation) which the worker occupies in the industrial hierarchy, and that the term "class" is a general one which means a group of workers who possess general properties or qualities in common, and thus it varies with the circumstances and nature of a particular dispute.

A majority of the recent cases presented to the Commission for decision as to the eligilibility of claimants for benefits under the labor dispute provision of the law presented situations wherein the claimant-employees were either all members of the same union or were represented by the same bargaining agent in negotiations with the employer. Under such circumstances, the fact that all claimant employees were affiliated with the same union or represented by the same bargaining agent is considered as strong, but not conclusive evidence to show that such employees belonged to the same grade or class of workers.

When in addition to these facts, it is shown that: The claimants are all employed at the same plant under the same general management; the work of the various claimants is applied to the production of the same product; the mill in which the claimants are employed is located on the same premises; the commodity or product turned out at the plant is the result of a chain of production in which the operation of one group depends upon the work of other groups; the work is interrelated, and the claimants contribute to a single flow of goods or products through the mill; all are held to belong to the same class of workers.

CHAIN PRODUCTION NOT CONCLUSIVE

The fact that the work of various claimants is applied to the production of the same product and the commodity or product turned out at the plant is the result of a chain of production in which the operation of one group of workers depends upon the work of other groups, and the fact that the work is interrelated and the claimants all contribute to a single flow of goods or products through the plant is not considered by the Commission as conclusive in all cases that such claimants belong to the same grade or class of workers. It is only considered as evidence along with other conditions existing in the particular case, all of which conditions are considered together in reaching a decision as to eligibility of claimants.

Consequently, in a recent decision involving claimant-employees from thirteen different men's half-hoisery mills where their work had been cut off following a strike confined to the mills boarding departments, the Commission granted benefits for unemployment to more than 466 claimants from the mill's other departments, such as dyeing and finishing, while denying benefits to boarders.

The evidence disclosed that the workers at the various plants were engaged in a continuous chain process of manufacturing. The duties of the workers in the various departments were interrelated and interdependent. All workers contributed to a single flow of goods throughout the plant. It also further appeared that the boarders were the only group at the various plants who were organized and affiliated with a union, and that the boarders were the only group engaged in any controversy with the management at the various plants over working conditions. Negotiations between the representatives of the boarders and the management were on behalf of the boarders alone, since it was further shown that any contract entered into by and between the management and the representatives of the boarders would affect only the boarders.

The Commission decided in this case that the boarders were the only group participating in the dispute, and were the only group whose working conditions, pay, etc., would be affected by the outcome of the dispute, and therefore, the boarders were found to constitute a separate class of workers from the other groups of employees, for purposes of unemployment compensation.

JOB TRAINING FOR VETERANS

On-the-job training for returning war veterans is developing into an important phase of placing such veterans on jobs they want to learn and in which their pay while learning is supplemented by allowances from the Veterans Administration.

In North Carolina, 1,119 industrial and service establishments, with job openings for 5,157 veteran on-the-job trainees, had been approved for training in 253 different job classifications by February 1. Most of these jobs had been filled, but new establishments were being approved weekly.

Most popular of this training is in automobile sales, service and repair, but scores of courses prepare the workers for high-paying positions in all of North Carolina's chief activities, such as textiles, tobacco, furniture, and hosiery. One firm was approved for 244 positions in six job classifications, largely supervisory; a chain store, for 150 trainees as managers and assistant managers; a telephone company, for 100 linemen; another firm had 53 positions in ten job classifications.

The administration of this program is strictly the responsibility of the Veterans Administration, but the Employment Service is cooperating fully because the program is one in which many veterans are being placed on suitable jobs, as a service both to workers and the employers.

USES personnel supply blanks and assist employers in applying for approval for offering this training. The State Committee for Veterans' Education, composed largely of officials of the State Department of Public Instruction, meets weekly to pass these applications.

NOTES ON U. C. C. OPERATIONS

1945 REVIEW

During 1945 the efforts of the Unemployment Compensation Commission were largely devoted to making preparations for meeting an expected postwar claim load and then seeing it through when it came. In the early months of the year the General Assembly enacted two measures which are now proving helpful. One of these was the revision upward of the scale of insurance benefits to be paid for weeks of unemployment. Partly as a result of this and partly due to the higher wage levels earned by workers during the war, the average weekly payment in North Carolina is no longer $8.17 as in 1944, but was $13.99, at the end of 1945.

The other measure was an extension of the privilege granted to veterans of having their preservice unemployment insurance credits held over for them after they used up readjustment allowances being paid by this Commission for the Veterans Administration under the G. I. Bill. So far 15 veterans have drawn checks from the state fund on this basis.

The state fund itself was strengthened during the year, by both incoming taxes and interest, till reserves on December 31st amounted to $107,871,964.38. This amount is sufficient to guarantee every insured worker full payment for loss of his job, up to the maximum amount to which he might be eligible under our law which still limits payments to 16 weeks.

It was expected that the reconversion of industry from war to peace-time enterprises would displace large numbers of workers who would draw unemployment benefits between jobs. But the facts of immediate postwar unemployment have not borne out the fears.

It was reported shortly after V-J Day that 20,000 workers had lost their jobs in North Carolina. Yet for no week since then has this Commission been called upon to pay benefits to half that many. Displaced workers have apparently become quickly relocated and few of them remained unemployed for many weeks. Since July, the number of jobless workers drawing benefits for any one week has risen from less than 1,000 to slightly more than 9,000 at the end of October and again at the end of November. Of these, 73 percent were women for whom it is more difficult to find suitable re-employment.

This seems to be about the extent of our civilian postwar unemployment. Reconversion is evidently taking place with fewer employment problems for workers than was anticipated, and fewer than were noticeable during our industrial conversion for war. For instance, during the early part of 1942 the number of workers on our benefit lists averaged more than 12,000.

For the future a larger part of our administrative concern will be with the veterans who are returning home in increasing numbers. There were 350,000 men and women in military service from North Carolina.

The G. I. Bill set up a system of readjustment allowances to help veterans get established or become reestablished in employment. In this state, the U. C. C. handles these payments which amount to $20 a week for a job-hunting veteran. It doesn't matter in the least whether he ever worked before or not, his eligibility is based on his military service.

Through December of 1945, this Commission has paid $1,818,019 to veterans covering some 95,903 weeks when they couldn't find jobs. In addition to this, $329,760 has been paid to veterans trying to get started in business for themselves but whose net earnings were less than $100 a month.

Although during 1945, the amount of state-wide unemployment among either civilian workers or veterans cannot be considered great, in looking ahead it must be taken into account that when all our veterans have returned, North Carolina will be faced with the responsibility of providing jobs for a larger number of persons than have ever been employed in this state before. The additional labor supply is expected to run into the hundred thousands, over war and pre-war levels of employment. We read every day of plans for the expansion of our state's industries. The question is will industry develop fast enough to give work opportunities to all our citizens and veterans who will want them—or will we perhaps be facing a real unemployment problem before the end of 1946.

UNEMPLOYMENT SUMMARY

The Unemployment Compensation Commission reported that $3,545,824.25 was paid to jobseekers during 1945. This sum was almost equally divided between unemployed civilian workers who received $1,838,136.25 in work insurance benefits; and job-hunting veterans who received $1,707,688.00 in G. I. readjustment allowance payments.

Unemployed workers drew an average of $12.65 for each jobless week. A veteran's allowance is $20 a week.

These figures do not show significant changes during recent months in the employment situation as between workers forced to change jobs in the reconversion period and returning servicemen looking for work. Unemployment among civilians was greatest during the month of October when $427,937.50 was paid out in benefits—the largest amount for any month last year—but the nightmare of unemployment expected to follow the end of the war has not materialized.

Although the number of claims filed by workers greatly increased following the war, for no week since V-J Day have there been as many as 10,000 workers on the benefit lists. Whereas in the pre-war year of 1941, the average number of unemployed was 10,762, for 1940 it was 17,760, for 1939 it was 14,430, and in 1938 it was 21,617.

While new claims from civilian workers have been decreasing from month to month since September, new claims from returning veterans have increased

by more than 1,000 each month until in December, 8,219 veterans were paid readjustment allowances totalling $488,892.00. Currently, local employment offices are reporting work applications and readjustment claims from larger number of veterans each week.

The Unemployment Compensation Commission writes the checks for both the weekly benefits to workers and the G. I. readjustment allowances to veterans. Worker benefits are a charge against North Carolina's unemployment trust fund. For the G. I. payments, the Commission is reimbursed by the Veterans Administration.

Intrastate and Interstate Initiial Claims

39,327 initial claims were taken in employment offices during 1945, as compared with 16,569 in 1944. This increase represents a 136.8 percent gain in initial claims activity during the year. A comparison of the 1945 activity with 1944 activity by geographical areas follows:

INITIAL CLAIMS

Areas	Taken In 1944	1945	Increased As A Percent
State Total	39,237	16,569	136.8
Mountain	5,781	1,798	221.5
Piedmont	28,006	10,641	163.2
Coastal	5,540	4,130	34.1

The small increase in 1945 over 1944 activity in the Coastal Area is explained by the large percent of regularly recurring seasonal unemployment found in tobacco processing.

All increases for the year 1945 are accounted for by activity since August 1, 1945, for as of July 31, 1945 initial claims activity for the State was over 21 percent below that of 1944.

14.44 percent, or 5677 of the initial claims taken in employment offices, were for claimants residing in North Carolina but claiming benefits from some other state in which the worker has accumulated wage credits upon which benefit payments may be paid.

Conversely other states took 4096 initial claims under the Interstate Payment Plan and sent them to North Carolina for a determination of benefit rights based on credits earned in this state. North Carolina received 27.85 percent less initial claims under the plan than it took from other states.

Continued Claims

203,787 continued claims were taken in employment offices during 1945 as compared with 67,888 in 1944, representing a 200 percent increase in continued claims taken during 1945 over 1944.

A comparison of the 1945 and 1944 continued claims activity by geographical areas follows:

CONTINUED CLAIMS

Areas	Taken In 1944	1945	Increased As A Percent
State Total	203,787	67,888	199.87
Mountain	34,222	7,518	355.20
Piedmont	145,378	39,692	266.27
Coastal	24,187	20,678	16.97

Continued claim activity for the state as a whole for 1944 through August exceeded that for the same period of 1945. The increase in continued claims activity resulted from unemployment arising following V-J day.

16.04 percent or 32,688 of the continued claims received in the employment offices were for claimants residing in North Carolina. These claims are sent to other states for payment based on wage credits earned in such state.

Other states sent 27,487 continued claims to North Carolina under the Interstate Payment Plan for making payment to workers with wage credits in North Carolina and are now residing in other states. North Carolina received 15.91 percent less continued claims under the Plan than it took for other states.

Benefit Checks

In 1945 there were 127,438 benefit checks issued to unemployed workers under the unemployment compensation program, as compared with 42,098 benefit checks issued in 1944. The increase of 85,340 benefit checks for 1945 represents a 202 percent increase in number of payments.

147,605 weeks of unemployment were compensated by the 127,438 benefit checks issued. 13.2 percent of the weeks compensated represented payments to workers residing in other states with wage credits earned in North Carolina employment.

4.9 percent of the weeks compensated were for partial unemployment. 81.7 percent of the compensated weeks were for unemployed female claimants.

Benefit Payments

Benefit payments during 1945 amounted to $1,838,-136.25 as compared with $355,586.22 paid during 1944.

The average payment for one week of total unemployment for 1945 was $12.65 as compared with $8.17 for 1944.

Fund Balance

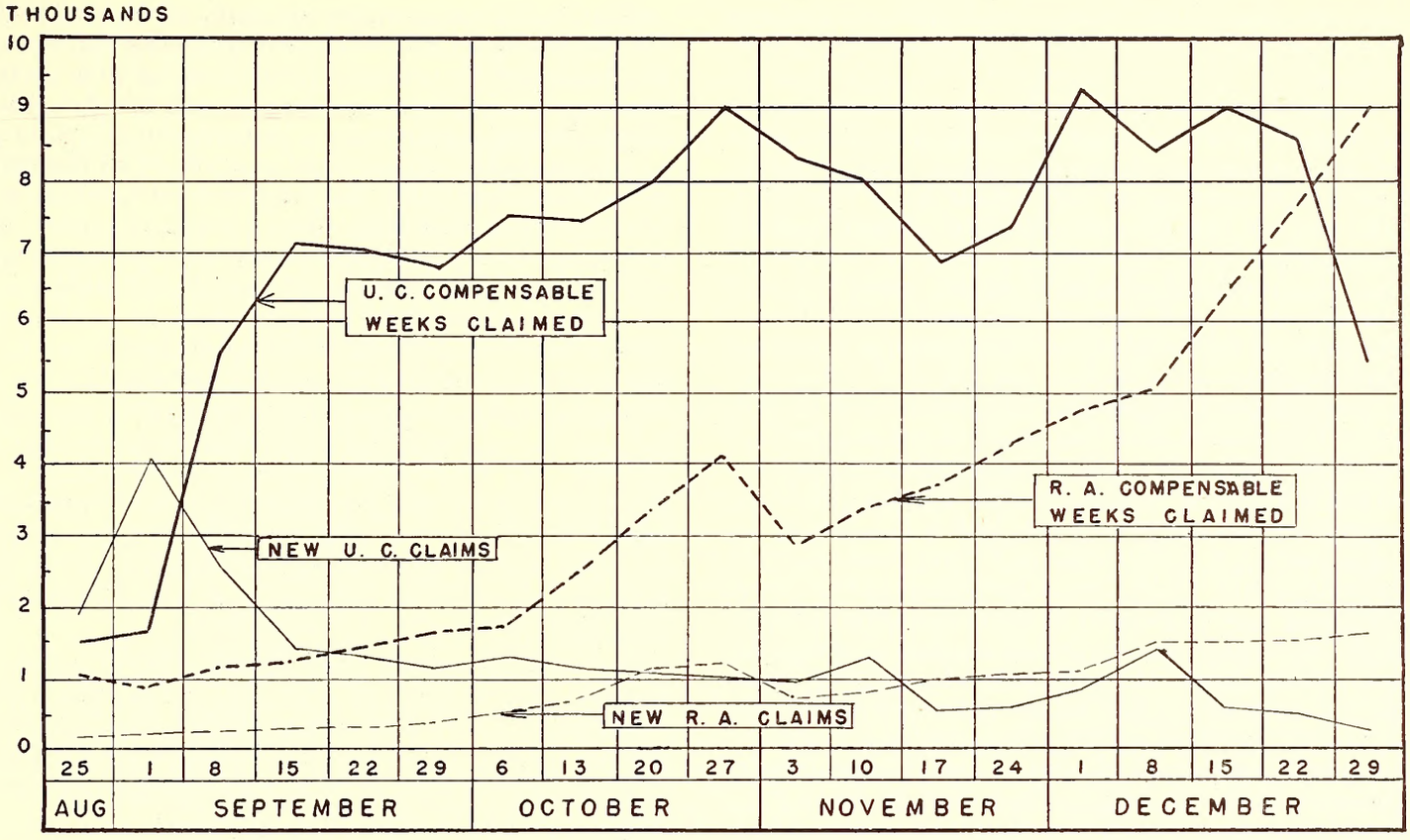
In spite of the relatively high demands on the fund for benefit payments following V-J day, the benefit reserves at the end of 1945 were $107,871,964.38 as compared with a fund balance of $90,604,036.94 at the end of 1944, a net gain $17,267,927.56.

Interest earned on the fund during 1945 amounted to $1,835,236.24 and was sufficient to pay 96.86 percent of all benefits paid to all unemployed workers during 1945.

Of funds on hand at the end of 1944 and of funds collected during 1945, it was necessary to withdraw only $2,900.01 for benefit payment purposes during the year of 1945.

SERVICEMEN'S READJUSTMENT ALLOWANCE CLAIMS DURING 1945

The first serviceman's readjustment allowance check in North Carolina was written on September 13, 1944. Few claims were filed during the re-



CLAIMS RECEIVED WEEKLY
Since V-J Day

mainder of that year, although it is estimated that by December 31, 1944, 45,458 North Carolina servicemen had been discharged. During the last week of December, 1944 only 410 servicemen drew allowances.

The number of claimants increased each month throughout 1945, the greatest increase coming during the fourth quarter, or after V-J day. By December 1945 the number of veterans drawing benefits totalled 10,213, or approximately 30 percent more than the number of compensable claims taken for unemployment compensation. Up to December 31, 1945, it was estimated that 190,341 veterans had been discharged in North Carolina. It is apparent, therefore, that only about 4.3 percent of the number discharged were drawing benefits at the end of the year. During the first three weeks of January, 18,-555 additional veterans were processed for discharge.

During the year 1945, $1,707,688 were paid to veterans in readjustment allowances. A total of 97,-586 continued claims were filed throughout the state during the year. Of this number 1854 claims were disallowed, leaving a total of 95,732 compensable claims distributed throughout the state.

Of this number 62.7 percent were received during the last quarter of 1945. As each compensable claim represents a week of unemployment compensated, this means that veterans were paid 95,732 weeks of unemployment as compared to 147,605 weeks of unemployment compensated fromUnemployment Compensation funds.

It is likely that the claim load for veterans will reach a peak by the middle of the year, after which it should be possible to obtain some measurement of the capacity of industry to reabsorb servicemen, and the effectiveness of the Employment Service in placing them. Should the claim load not go above the December average but remain at that level throughout 1946, it will mean an expenditure for veteran allowances for the year 1946 of more than $8½ million, or more than twice as much as was paid Unemployment Compensation claimants during the recession year of 1938 when the claim load was at an all time peak. The probability is that before it begins to decline the veterans claim volume will go much beyond the weekly figure of 10,000 perhaps triple that number. This points up in some measure the administrative problem that lies ahead, even though reconversion should bring no increase in industrial unemployment during 1946.

U. C. TAXES TO BE REDUCED BY $7,629,118.00 IN 1946

Results of the assignment of 1946 unemployment compensation tax rates for North Carolina employers show that 6,317 employers, with 85 percent of all rated reserve accounts, will share in an estimated tax

saving of $7,628,118. This is a considerably greater sum than 1945 tax reductions of four and a half millions.

Because of such rate reductions allowable under oud state law, the average effective rate of the payroll tax supporting the unemployment compensation fund which stood at $107,871,964 at the first of this year will be 1.67 percent for 1946 instead of the standard rate of 2.7 percent of payroll. North Carolina payrolls, on the basis of which unemployment compensation taxes are levied against employers amounted to $784,000,000 for the fiscal year ending June 30, 1945.

An employer is eligible for consideration as to rate reduction if taxes have been paid to his account for the three preceding years, but can obtain a reduction only if his reserve balance exceeds 2.5 percent of his payroll for the last three years and is five times the largest amount of benefits paid from such account within any one of the three preceding years. The provisions are such that it is possible for an employer to qualify for the minimum rate of 0.27 percent which represents a 90 percent reduction from the standard rate. The rating plan is an expression of one of the fundamental policies behind social insurance legislation in offering an incentive to private industry to try to remove the cause of insecurity. It aims to put a premium on the stabilization of employment practices.

This is the fourth year that experience rating has been in effect in North Carolina. While the decline in average rate from year to year has not been sudden, tax reductions to employers since 1942 will reach the total of $15 millions this year. This is the difference between what they actually pay and what they would have paid if all tax contributions to the Unemployment Compensation Fund were made at the standard rate of 2.7 percent of payroll.

During 1943, the net saving to employers was $451,697 when 1,559 firms obtained a reduced rate and the average rate for the state was 2.64 percent. In 1944, the number of employer accounts entitled to reduced rates was 3,536, the average rate was 2.43 percent of payroll and the saving to employers was $2,082,956. Last year, 5,022 employers were awarded reduced rates, lowering the state average rate to 2.08 percent and netting them $4,593,447 in reductions. On 1946 payrolls, 6,317 employers will pay $7,629,118 less in taxes than the standard rate of 2.7 percent would have required. The average unemployment tax rate this year will be 1.67 percent of payroll.

The standard tax of 2.7 percent of payroll will continue to be paid by 2,670 employers whose accounts did not entitle them to rate reductions.

The 1946 tax rates will be higher for 147 employers than the reduced rates at which they paid last year.

By rate classes, the largest group of employers to effect a saving are the 1,653 firms which were assigned the tax rate of 1.39 percent. These include ten mining companies, 60 contractors, 642 manufacturers, 64 transportation and utility companies, 603 merchants, 62 banks and insurance companies, and 208 service industries.

The number of employer accounts which qualified for the minimum rate of 0.27 percent has increased this year to 851. Among these building and trade contractors and insurance carriers are listed in the greatest relative proportion. Only four of the state's larger employers with annual payrolls of $1,000,000 or more were awarded the minimum rate; where as two-thirds of the 851 firms which received it represent the smaller businessmen in North Carolina, whose annual payrolls come to less than $20,000.

CHANGES IN AVERAGE WEEKLY WAGES BY INDUSTRY GROUPS 1940-1943-1944

During the year 1940 total wages paid to workers engaged in covered employment amounted to $430,-584,323. By 1942 total wages paid for covered employment had increased to $802,999,662. Wages reported up to June 30, 1945 on covered employment for 1944 totaled $829,755,392, an increase of 92.70 percent from 1940, with an increase of 3.33 percent from 1943 to 1944.

The average weekly wage for all covered employment in 1940 was $17.44. By 1943 the average had increased to $26.51, and during 1944 the average was $28.92. This is on increase in average weekly wages of 65.83 percent from 1940, of which 9.09 percent increase occurred in 1944 over 1943.

It is pointed out that in arriving at the weekly wages the calculation is based upon employment reported for employees on the payroll during the last payroll period in each month, and the assumption is made that all workers so reported worked the full month. This is not necessarily true, and to the extent that such workers were not employed full time each week in the month the average weekly wage is understated.

It is also pointed out that as between industry groups the data for 1940 are not entirely comparable with the 1944 data because of a change in the industry classification code which caused a shift in many instances from one industry group to another. The same is true to a less extent between 1943 and 1944, as some shifts were made during this period to make the state industry classifications conform to federal reports made to the Bureau of Old Age and Survivors Insurance.

The greatest increase in average weekly wages occurred in the construction industry which increased 119.57 percent from 1940 to 1944, 5.92 percent of which occurred between 1943 and 1944. It is significant that the average weekly wage in the building construction group under the head of general contracting, actually declined between 1943 and 1944 by 12.54 percent. This may be accounted for by the completion of large construction contracts and the withdrawal of higher skill levels during 1944. This was not true however, of special trade contractors, many of whom were still engaged in providing waterworks, sewer systems, special installations, etc, which continued through 1944 and resulted in an increase in the weekly wages of 27.45 percent for general contractors other than building and of 13.28 percent for special trade contractors.

The next highest increase occurred in manufacturing, where the average weekly wage increased by 76.30 percent from 1940, and 10.37 percent from 1943. It will be noted that the average weekly wage in miscellaneous manufacture increased from 1940 to 1944 by 27.98 percent but shows a decrease from 1943 to 1944 of 27.89 percent. This is caused by the fact that during the war certain operations were carried under the miscellaneous group in order not to disclose the nature of the activity; whereas, the operations were transferred to the proper group in the records of 1944, which resulted in a decline in the average weekly wage for the miscellaneous group. This is particularly true in ordnance manufacture, shipbuilding and electrical machinery.

The increase of 111.95 percent in the average weekly wage of workers in the manufacture of stone, clay and glass products between 1943 and 1944 does not reflect the actual increase in wage levels of the worker, but is due to the withdrawal from this industry of a large portion of the unskilled or low wage workers, leaving only those occupying key positions or those at higher wage levels. This is indicated by the fact that there was a decrease in employment in this industry between 1940 and 1944 of more than 1200 or 30 percent of the total.

Declines in the average weekly wage between 1943 and 1944 in certain service industries such as trade schools, educational institutions and other professional groups, is accounted for by the withdrawal of workers at higher wage levels, thus reducing the average wages of the remaining workers representing unskilled occupations.

It will be noted that the increase in the average weekly wage from 1943 to 1944 is fairly well distributed as follows; mining 8.01 percent, construction 5.92 percent, manufacturing 10.37 percent, transportation, communication and utilities 9.58 percent, wholesale and retail 11.89 percent, finance, insurance and real estate 6.47 percent and service industries 10.62 percent. The overall increase from 1940 is, likewise, well distributed with the exception of the construction industry, the total increase of 65.83 percent being distributed as follows: mining 68.97 percent, construction 119.57 percent, manufacture 76.30 percent, transportation, communication and utilities 43.74 percent, wholesale and retail 40.63 percent, finance, insurance and real estate 27.30 percent, service industries 46.66 percent.

UCC PERSONNEL WORK OVERTIME TO GET OUT 5000 CHECKS A DAY

Claims from veterans for readjustment allowances have been increasing very rapidly since the first of the year. The larger number of veterans filing claims for readjustment payments includes both those in self-employment, chiefly farmers in this state, who receive monthly payments of $100 less net income from their operations and veterans seeking industrial jobs who receive $20 a week while workless.

Since most of the self-employed claims are from farmers, a large number of them are being received at the various itinerant points in the counties served by the U. S. Employment Service, usually one day a week or month. Such service has been expanded to take care of the farmer veterans. It requires about three-quarters of an hour for an interviewer to get the necessary information from each veteran for his claim. Since these claims do not have to be filed on the first day of the month but may be filed through the 20th of each month for the previous month's operations, and even later where the itinerant point is not regularly served before the 20th, it has been pointed out that if the farmer veterans will plan to enter their claims toward the end rather than toward the beginning of this period, they will save themselves time from waiting in line or having to call back again.

While the increased claims load was expected after the majority of our veterans returned home to civilian life, the work entailed in taking claims and getting the checks out to the veterans is taxing U. C. C. personnel to the utmost. Considerable overtime work is required, even with the additional people who have been taken on, most of them veterans themselves, to help the situation. Claims are taken in local employment service offices throughout the state. These are then mailed to Raleigh where the determinations as to payments are made and the checks written and mailed to the veterans at their homes. At headquarters, both personnel and machines are working after hours to get out more than 5000 checks a day, so that veterans may receive theirs without delay.

In September 1945, the U. C. C. payroll numbered 247; by the end of February the number was 547—an increase of 300. Of these, 106 are veterans, including 23 reinstatements. Classified as follows: Army, 51; Army air corps, 19; Wac, 4; Navy air corps, 1; Coast Guard, 3; Marine Corps, 1; and 5 not checked.

ON THE JOB TRAINING OF CLAIMS TAKERS

The Unemployment Compensation Division now provides on-the-job training in claims-taking for UCC and USES personnel. This is conducted by training technicians under the supervision of the UCC training supervisor. This training is for all UCC claims takers, the persons designated from USES to render part-time service, and any other USES personnel requesting such training.

The training technicians work in cooperation with the claims deputies whenever they are either located in a local office or are in a local office performing work. The training technicians make a detailed study of the physical set-up provided for claims taking in each local office and recommend to the claims deputies such changes as seem to be necessary to expedite the taking of claims. They also check UCC files and review the work of claims takers, using this review as a basis for determining individual training needs.

The addition of training technicians to the UCC staff is the result of a recognized need in affording claims-taking personnel on-the-job training, in order that the service offered the public in filing claims for unemployment compensation may be improved.

FORECASTING FROM STATISTICAL DATA

S. F. CAMPBELL, *Chief*
Bureau of Research and Statistics

Never before, perhaps, were so many people, including business men and public administrators, peering into the future to learn if possible what may lie ahead for industry and for labor. Yet, never before were available indicators so uncertain. Never before were the elements upon which the economist depends for factual data so pervaded by cross-currents, unpredictable influences, and new factors for which no measurement has as yet been found.

Those who have the responsibility of management and of safeguarding the investment of their shareholders, view the problem from the standpoint of market possibilities and production costs. Those who will have the problem of administering our social security laws, of finding the 60 million jobs that may be required, or of paying unemployment compensation, are concerned with future trends chiefly from the angle of employment—how many jobs can be provided into which the available labor force can be suitably fitted.

From either angle it is dangerous to undertake to project trends on a basis of 1940-1945 data, or even on data for the period between the two wars, because the conditions which follow this war must be so different from those which followed the last war.

For us in North Carolina no activity is of so much importance, from the standpoint of employment, as cotton textiles, and the future of no activity is more uncertain. Uncertain, not only because of the inroads which synthetic fibres are making, but also because of the absolute necessity of reducing the cost of cotton production if our manufacturers are to compete in world trade. This reduction in cost will be difficult in the face of a need for, and tendency toward, higher wage levels. Mechanized agriculture gives some promise, particularly the cotton picker, but mechanization on a scale sufficient to affect materially the outcome means for most farmers of the eastern United States a discontinuance of cotton farming, and in turn a major readjustment in agriculture.

It is obviously that if fibres of an equal or superior quality can be produced synthetically, at a lower cost, and which when produced can be processed with less manual labor, manufacturers, and the public as well, will turn more and more to such materials.

It has been said that no new invention, even though designed to lessen man's labor burden, has failed in the end to provide more employment than the invention or article which it replaced. That has certainly been true in the field of transportation. But if it is true in the case of technological changes in manufacturing equipment which reduce the unit cost, it is also true that such progress was made at the cost of revolutionary readjustments of population and occupations. This may be what lies in store for the cotton farmer and the textile workers who comprise approximately half of our working force.

It has been asserted by some economists that industry must produce 35 percent more after the war in order to prevent widespread unemployment, but, in the light of actual data, that appears to be an understatement, certainly, unless we return to a 40 or even to a 35 hour week; for, on a basis of cotton consumed, cotton textile production has already increased from 1940 to 1944 by more than 36 percent, with an increase in employment of only 16 percent, or less than 4 per cent a year, whereas, the increase in all employment in manufacture from 1931 to 1940 was at an annual rate of 3.6 compound interest basis. At the same time the increase in our labor force from 1939 to 1944 was 23.39 while the increase in all employment covered by the Unemployment Compensation Law has been only 19.33 percent.

It is clear, therefore, that an increase in production does not necessarily mean an equal increase in employment. It is pointed out, then, that, with a birth rate 76 percent higher than England and Wales and 19 percent higher than the average for the United States, we are confronted with an annual increase in our labor force which is greater than our annual expansion of industry as measured by cevered employment, even when supported by the buoyancy of war contracts. It is clear, therefore, that we may have postwar industrial expansion and increasing unemployment at the same time, depending upon whether industry can return to a 40 hour week, and be placed on a footing that will permit it to expand at a rate at least equal to the annual rate of increase in our labor force.

Measured by cotton consumption, textile activity increased from 1913 to 1939 at an annual rate of 2.2 percent compound interest basis (see accompanying ratio chart.) The straight line projected to 1950 indicates what the consumption will be then if the 1913-1939 rate of increase is maintained. The light solid line indicates the actual deviation from that trend each year. The difference in the impact of the first world war and of the present war is particularly significant. During the first war cotton consumption reached a high peak of 1,222,000 bales in 1917, which was less than 150,000 bales above the normal trend; whereas, in this war a peak of 2,900,000 bales was reached in 1942, which was more than a million bales above the projected trend. It may be seen also by reference to the chart that cotton consumption can decline by 700,000 bales and still reach 1950 at the trend level.

Now, for some of the "Ifs." If synthetic fibres are not generally adopted, if the market for cotton goods continues strong, and if the unit cost returns to the prewar level, that is, if the same number of man-hours are required per bale of the cotton as before the war, if the mills return to a 40 hour week, and if the projected trend to 1950 proves to be a sound forecast, the cotton textile plants of the State will be using 2.2 million bales of cotton in 1950, as compared to 1.9 million bales in 1939, and will be employing 224,710 workers compared to 194,067 in 1939, and to 236,000 in 1942.

If, on the other hand, textiles are required to increase production 35 percent to prevent unemployment, as has been suggested for industry in general,

North Carolina plants will be using 2.5 million bales in 1950, only 400,000 less than in the peak year of 1942, and will be employing 262,000 workers, or approximately 26,000 more than during the peak year of 1942, based on a return to prewar hours and unit production.

The average employment in cotton textiles in North Carolina in 1944 was 216,157, 20,000 less than in the peak year of 1942 and more than 8,000 less than the number it will have to reach by 1950 even to maintain the prewar trend.

The foregoing analysis gives some idea of what textiles may do, and what they must do if they are to contribute proportionately to the industrial expansion which will be necessary to provide jobs for a non-agricultural labor force that may easily reach one million workers by 1950.

It should be borne in mind, for the purpose of judging the validity of these conclusions, that they are drawn entirely from statistical data, which are devoid of the practical helps available to those in actual contact with textile production. Their value, therefore, will depend upon the extent to which they can be used to check conclusions arrived at by more direct measurements.

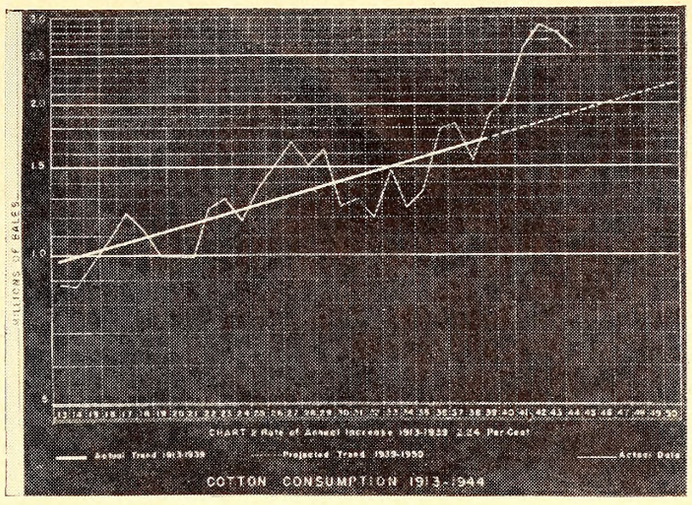
NORTH CAROLINA TREND IN POPULATION AND EMPLOYMENT

In 1940 North Carolina had recovered from the depression which began in 1930. The North Carolina Business index issued monthly by the Bureau of Research and Statistics of the Unemployment Compensation Commission of North Carolina shows that the general index for the State in 1930 was 95.63. It declined to a low of 69.83 in 1932 and by 1940 had risen to 119.70.

In view of the much higher level of business in 1940 than in 1930, it will be of interest to compare census data for 1930 and 1940 with respect to the ratio of persons employed per 1,000 persons of employable age; for it is not enough to know that we had more employment in 1940 than in 1930. Unless we had also more persons employed per 1,000 employable persons in 1940 than in 1930 it can hardly be said that economic conditions showed an over-all improvement during the decade.

In 1930 there were 485.2 persons employed per 1,000 persons of employable age. *In 1940 the ratio was 485.1 per thousand, or slightly less than in 1930. For those who have become agitated about racial discrimination in the South, it will be interesting to note that the ratio was much higher for Negroes than for white workers both in 1930 and 1940. The ratio of white workers to employable whites in 1930 was 462.1, compared to 542.5 for Negroes. In 1940, 478 white workers were employed for each 1,000 white workers of employable age, while for Negroes 504.2 for each 1,000 were employed, a ratio 17.4 percent higher for Negroes in 1930, and 5.5 percent higher in 1940.

The decline in the ratio for Negroes in 1940 was due almost entirely to a shift of Negroes away from agriculture. In 1930, 267.2 Negroes were employed in agriculture for each 1,000 Negroes of employable



age. By 1940 the ratio had fallen to 212.6, a decline in the ratio of Negroes employed on farms of 20.4 percent. In all other categories except government, transportation and utilities, the ratio increased.

This condition is not peculiar to North Carolina. The reference data indicate that it was also true of Alabama, Georgia, Tennessee and Virginia, except that Virginia alone showed a higher total ratio of employment in 1940 than in 1930. It is also interesting to note that despite this falling off in employment per thousand from 1930 to 1940, the ratio of employment in Manufacture in North Carolina rose from 96.2 per thousand to 130.6 per thousand during this decade, an increase in ratio of 35.8 percent, the highest of any of the five States. It is apparent, however, that what manufacture has done to absorb the increasing labor force has been offset by losses in other groups, principally agriculture, mining, transportation, communication and utilities.

The result has been a loss in civilian population from 1930 to date. This does not mean that there has been no increase in the total population, but if the net increase be deducted from the excess of births over deaths we find that for the decade 1930 to 1940 the State lost 62,412, and from April 1940 to November 1943, 262,800, exclusive of military inductions, making a total loss from 1940 to November 1943 of 325,200.†

It is clear from the foregoing that unless North Carolina is satisfied to remain in the column of declining States, there must be more industrial expansion than we have witnessed in the past, even during the war. Science and engineering impose no limitation on the quantity of things man can produce. On the other hand, since production, to a marked degree, is limited by social rather than by technical conditions, it is essential that we look now to the discovery of new wants, the stimulation of wants, together with an organization of industrial forces that will make the goods available, a distribution of wealth that will make mass purchasing-power possible, and a public policy that will mold the direction of activity to the satisfaction of these economic wants.

*Southern Economic Journal, Oct. 1944.

†Study by Dr. W. S. Woytinsky of the Social Security Board, November 27, 1944.

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CIRCULARS AND FOLDERS:

Benefit Payments for Partial Unemployment.

Employer Experience Rating in North Carolina.

Information for Workers about Unemployment Compensation.

POSTERS:

Employer's Certificate of Coverage and Notice to Workers.

Notice to Workers—Partial Benefits.

Are You Protected?

STATISTICAL REPORTS:

(Current series, mimeographed.)

Business Activity in North Carolina as Reflected by Movements in Selected Indicators—Current Trends (monthly).

Unemployment Compensation Trends (monthly). This report began with June 1943, and succeeds three of the former monthly series reports:

(1) Summary of Claims Activity

(2) Summary of Local Office Operations

(3) Number and Amount of Benefit Payments, by Office (monthly).

Weekly Summary of Initial and Continued Claims Taken and Benefit Checks Distributed by Area and Office.

(Special Studies, 1944-1945)

Analysis of Benefit Formulas—1936-1939-1940—Alternates

Analysis of Claims with Benefit Years Ending in 1944

Changes in Employment and Wages 1940-1943-1944, by Regions, Office Areas and Counties

Changes in Covered Employment 1939-1942-1944, by Industry

Covered Employment and Wages 1944, by County and Industry

Effect of Demobilization on N. C. Employment and Unemployment Compensation

Experience Rating in N. C., 1945

Geographic Distribution of the N. C. Labor Force

Industrial Distribution of the N. C. Labor Force

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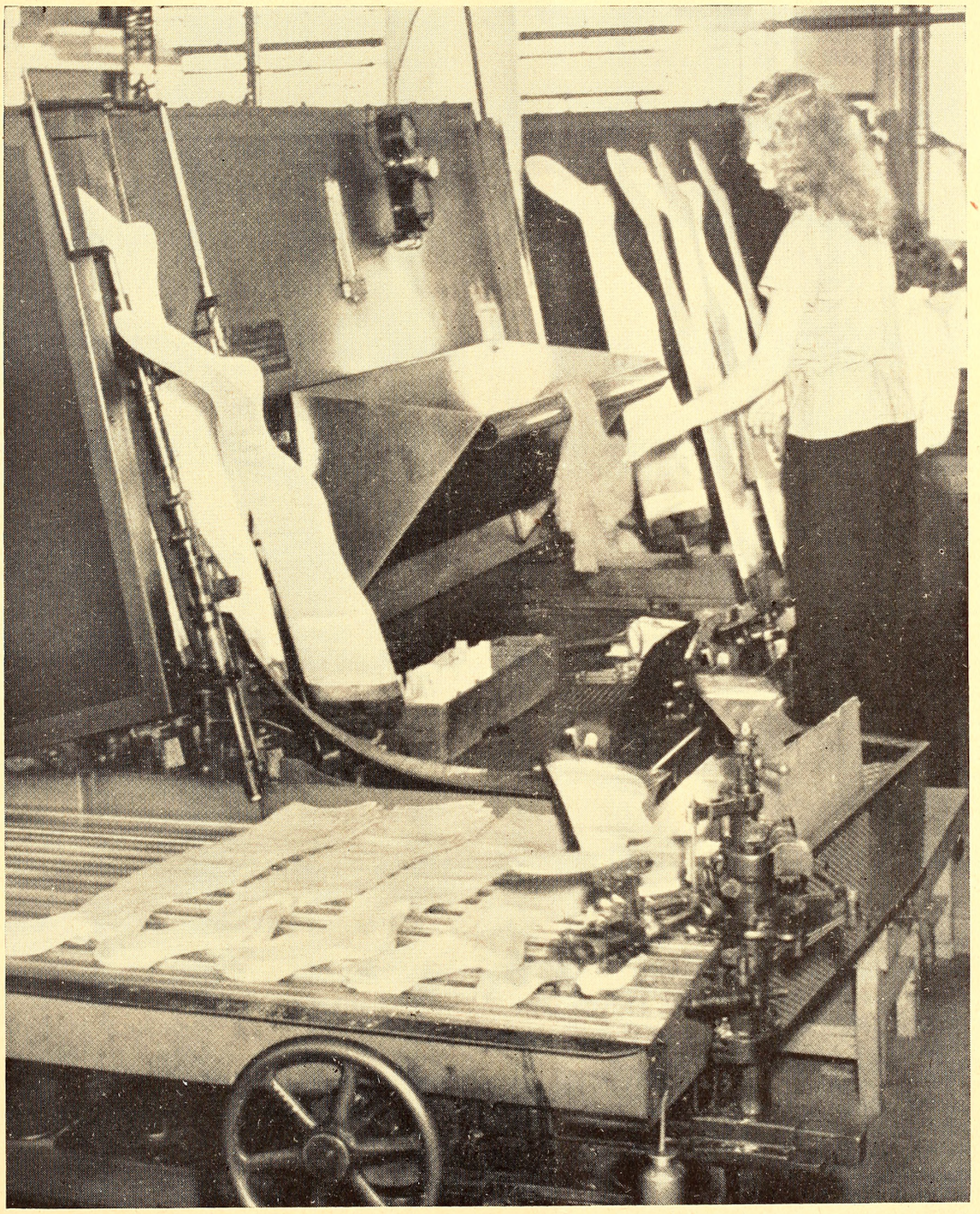

Pre-boarding Nylon Hose

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Material in this issue was compiled, edited, arranged, headed and much of it written by Mrs. Frances T. Hill, former editor and former Informational Service representative of the U.C.C.

Regular Contributions in each issue from the

UNITED STATES EMPLOYMENT SERVICE FOR NORTH CAROLINA

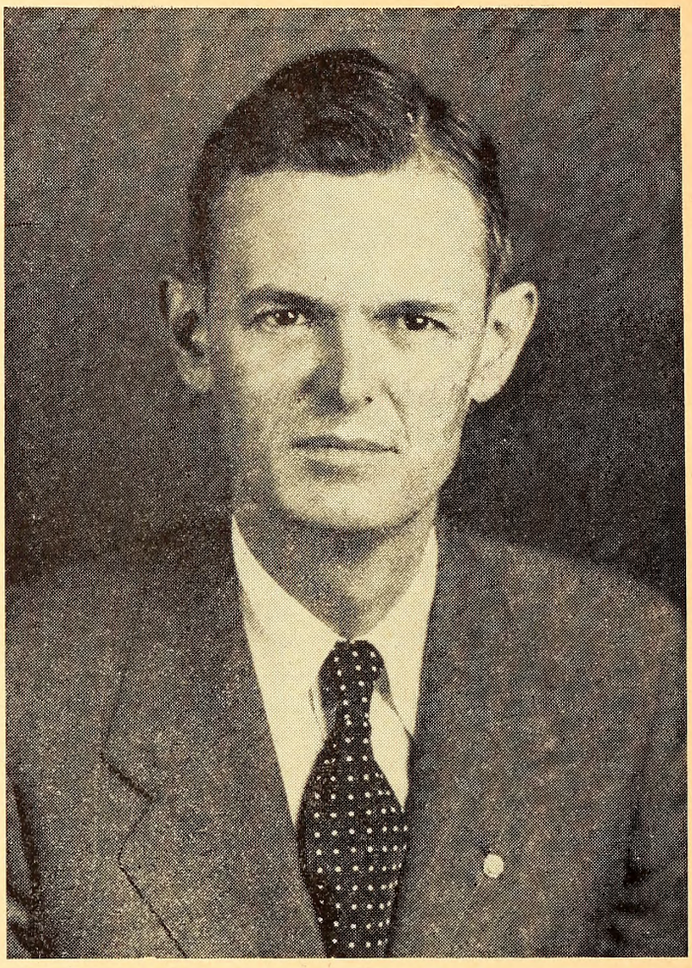
Cover illustrations represent typical North Carolina industries under the unemployment compensation program.

Cover for Summer 1946—Pre-boarding Nylon Hose. Illustration shows step in the making of hosiery at the plant of the Adams-Millis Corporation in High Point, one of this State's largest hosiery knitting mills. North Carolina ranks foremost among the Southern states in this branch of the textile manufacturing industry, and the Southern states as a group produce more than two-thirds of the hosiery made in this country. See article in this issue on hosiery.

Sent free upon request to responsible individuals, agencies, organizations and libraries. Address: U. C. C. Informational Service, Raleigh, N. C.

CONTENTS

	Page
New U. C. C. Chairman	38
Changes in Covered Employment 1939-1942-1944	40
Employer Rating Questions and Answers	41
Experience Rating in North Carolina, 1946, by S. F. Campbell	42
$100 Billions Needed to Create New Jobs	45
Negro Veteran Guilty of Fraud in Claims	45
North Carolina Gains 150,000 Skilled Workers	46
Net "Profit" Under Unemployment Compensation Taxation, by James W. Johnson, Jr.	47
Those Perverse Women Who Want to Work, by Robley D. Stevens	49
Yes, We Have Nylons Today!, by Frances T. Hill	50
Textile Foundation Aids Knitting Industry	54
North Carolina War Workers	55
For Tobacco Workers	55
Unemployment Insurance and the Retraining of Unemployed Workers	57
The Law In Action—How Long is a "Reasonable Time"?	59
Chiselers Among Veterans	60
Notes on U. C. C. Operations Industry Turnover Unemployment Trends	61
Veterans Claims and Appeals	62
Review of the Report of the Technical Staff Appointed to Study the Social Security Law	63
An Appraisement of N. C.'s Unemployment Compensation Program, by Hugh M. Raper	64
Current Business Trends—Review of 1945	66



HENRY E. KENDALL

NEW UCC CHAIRMAN

Lieutenant Colonel Henry E. Kendall, of Shelby and Raleigh, recently discharged from the United States Army, was appointed by Governor R. Gregg Cherry as a member and Chairman of the Unemployment Compensation Commission of North Carolina, effective July 1, 1946.

Colonel Kendall succeeded Col. Arthur L. Fletcher, who resigned as of April 30 to become Readjustment Allowance Agent for the Veterans Administration in North Carolina. The appointment is for the unexpired term which normally extends until June 30, 1949. The salary is fixed at $6,600 a year by the Commission.

R. Fuller Martin, director of the Unemployment Compensation Division of the Commission, served as acting chairman of the Commission during the two months interim, meanwhile continuing his own job.

Colonel Kendall is a native of Cleveland County and a graduate of the Shelby High School. He graduated in the class of 1926 from State College in Raleigh with the degree of Bachelor of Science in Chemical Engineering. Following his graduation he became connected with an engineering and contracting firm in Danville, Va., in which he continued until 1930.

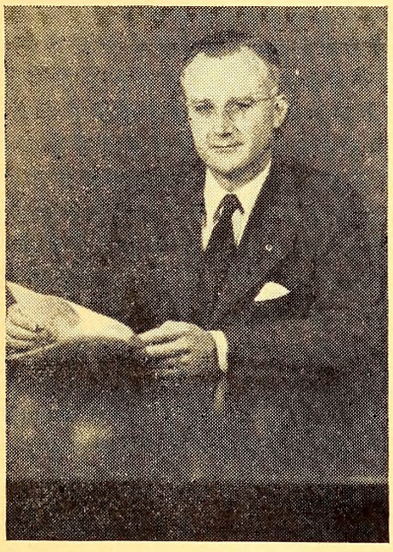
In 1930, Colonel Kendall accepted a position with Dibrell Bros., Inc., tobacco exporters, and was sta-

tioned in the office in Shanghai, China.

Returning to the States in 1936, Colonel Kendall accepted a position with the North Carolina State School Commission as manager of the Division of Plant Operations, which position he held until he entered military service in the fall of 1942.

Entering the service as a First Lieutenant, Colonel Kendall was assigned to duties in the Engineering Corps. Later he was promoted and was discharged as a Lieutenant Colonel of Engineers on May 7, 1946.

Colonel Kendall's mother still lives in Shelby, but he has considered Raleigh his home since 1936. He is unmarried. A brother, H. W. Kendall, is editor of the Greensboro Daily News.



ROBERT FULLER MARTIN

ROBERT FULLER MARTIN

R. Fuller Martin who was appointed by Governor R. Gregg Cherry as acting chairman of the Unemployment Compensation Commission of North Carolina effective May 1, 1946, to succeed Col. A. L. Fletcher, who resigned to accept the position of Readjustment Allowance Agent for the Veterans Administration in North Carolina, has been Director of the UCC since April 1945.

Mr. Martin had been with the UCC organization since August 1, 1938, when he was appointed business manager of the State Employment Service. On January 1, 1940, he was made business manager for the commission.

When Dr. William R. Curtis was granted military leave to enter the U. S. Navy on May 19, 1942, Mr. Martin was appointed director of the Unemployment Compensation Division. Dr. Curtis returned and resumed his former position July 1, 1944, whereupon Mr. Martin returned to his former position as business manager. Again on April 12, 1945, when Dr. Curtis was named acting chairman of the UCC, Mr. Martin was again appointed director of the UC Division, the position he still holds, in addition to serving as acting chairman prior to Mr. Kendall's taking office.

Mr. Martin informed Governor Cherry that he was not an applicant for or interested in serving permanently as chairman of the Commission and wished to retain his position of director of the U. C. Division. Governor Cherry made a public announcement to this effect.

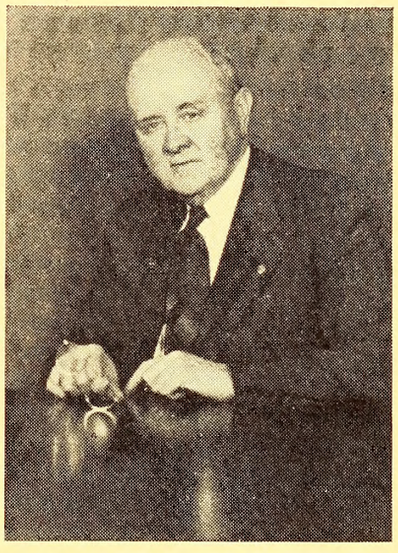
A native of Madison, Rockingham County, Mr. Martin graduated from the Madison High School and then spent a year in study of accountancy and business administration in the National Business College, Roanoke, Va. In later years he continued his business studies through correspondence courses in procurement, office management, business law, designing systems of reports and forms, corporation accounting, banking, finance and investments.

Also as groundwork for his activities later, Mr. Martin was accountant and manager of the order, billing, shipping, credit and collection departments for four years for the Home Light & Power Co. of Greensboro. Later, for eight years, he was with the Colonial Ice Co. of Greensboro, engaged in accounting and budgeting for a chain of ice, coal and cold storage plants operated in 26 cities and towns in four states.

Mr. Martin's record was such that Governor Cherry had no hesitancy in naming him as acting chairman of the UCC, until a permanent official was named.

FLETCHER CITED FOR WARTIME SERVICES

Lt. Col. A. L. Fletcher, former chairman of the State Unemployment Compensation Commission who resigned recently to accept a post with the Veterans Administration, has been cited for the Army Commendation Ribbon for his wartime service as a member of the Presidential Appeal Board in the national headquarters of Selective Service.



LT. COL. A. L. FLETCHER

The citation, which was ordered by Maj. Gen. Lewis B. Hershey, director of Selective Service and was awarded to Col. Fletcher by Adj. Gen. J. Van B. Metts, State director of Selective Service, said that Fletcher "Contributed meritoriously to the fair and efficient administration of the Selective Service procedure."

EXPAND APPRENTICE TRAINING STAFF

The Apprentice Training Service has been expanded in North Carolina by the addition of two more field representatives. William H. Chisholm will maintain headquarters in Winston-Salem and will cover the western part of the State. J. B. Archer, with headquarters in Charlotte, will cover adjacent territory.

Raymond E. Paschal, who has been field representative covering all North Carolina from the USES office in Raleigh, will continue to cover the eastern section of the State and act as liaison working with C. L. Beddingfield, State Director of Apprenticeship Training.

Changes In Covered Employment 1939-1942-1944

SILAS F. CAMPBELL, *Director Bureau of Research and Statistics.*

Employment in 1939 in those industries which had less employment in 1944 totaled 82,698 in 1939 and 60,364 in 1944. To bring these industries back to the 1939 level will, therefore, absorb 22,334 workers of the potential postwar unemployment load.

If the postwar nonagricultural labor force reaches 800,000 by 1946, as some believe possible, and the ratio of covered employment to the total nonagricultural labor force remains at the present level of about 82. percent, covered employment would have to reach 656,000. To do this at an average annual increase of four percent would require more than four years, and the 656,000 in covered employment would not be reached until 1949. However, to reach this goal in 1946 would require an increase in covered employment above the 1939 level of 42. percent, which is in line with the prediction of Mr. Paul G. Hoffman, President of the Studebaker Corporation and Chairman of the Committee for Economic Development that productivity must be increased one-third over the 1940 level to provide jobs for the postwar labor force.

For many North Carolina industries, reconversion will mean a much higher level of employment than in 1939 because of a backlog of accumulated demand. For some industries this will mean, too, a higher level of employment than in 1944, because of the withdrawals from less essential industries to meet war needs. In many such cases it will be found that the level of employment in 1944 was below that of 1939. This is particularly true of Construction, Cigarette Manufacture, Printing and Publishing, Fertilizer and Industrial Chemicals, Stone and Clay Products, Water Transportation, Public and Local Utilities, Garage and Auto Repair, virtually all of the industries in the Finance and Real Estate group, and many in the Service group.

It will be of interest, therefore, to compare the employment in 1939 with the peak in 1942 and the average of 1944. The attached table gives the average employment for each of the three years and the percentage change. (More detailed statistical data is available in mimeographed form.)

CHANGES IN COVERED EMPLOYMENT 1939-1942-1944

INDUSTRY GROUP	Total 1939	Total 1942	% Change from 1939	Total 1944	% Change from 1939
Total—All Industries	462,230	587,624	+27.1	551,575	+19.3
Agriculture, Forestry and Fishing—Total	155	304	+96.1	449	+189.7
Mining—Total	1,975	3,637	+84.2	3,863	+95.6
Contract Construction—Total	23,294	57,306	+146.0	15,011	−35.6
Manufacturing—Total	315,024	384,280	+22.0	381,466	+21.1
Transportation, Communication, and Utilities—Total	16,331	22,805	+39.6	23,906	+46.4
Wholesale and Retail Trade—Total	74,782	84,390	+12.8	90,357	+20.8
Finance, Insurance and Real Estate—Total	10,020	10,387	+3.7	9,353	−6.7
Service Industries—Total	20,452	24,501	+19.8	27,170	+32.8

YEAR TO YEAR TRENDS

Agriculture. In 1939 the rural areas of the state had not been completely canvassed by representatives of the Commission for the purpose of uncovering liable employers, such as cotton gins, and small cooperative services connected with agriculture. By 1942 the employment covered by the law had increased 96.1 percent and by 1944 by 189.7 percent. This is a natural growth in coverage that may be expected to show even further increase.

Mining. With the increased war demand for scarce minerals, mining in this state began to receive greater attention, especially nonmetallic mining, which in 1944 was 95.6 percent above the 1939 level. As the bulk of North Carolina mining was in the production of mica, the possibility of maintaining this high level will doubtless depend upon the availability and cost of imported mica, as approximately 70 percent of all mica produced in the United States before the war was mined in North Carolina.

Construction. No industry of the state was so violently affected by the war as Construction. Employment rose from 23,294 in 1939 to more than 100,000 during a short period in 1941. This had fallen to 57,306 in 1942 which was 146.0 percent above the 1939 level, and Building Construction had increased by 260.1 percent. By 1944, however, with war plants and military bases completed, employment had fallen to 15,011, or 35.6 percent below the prewar level. This change has been greatest among general contractors. Employment among special trade, or sub contractors, was 0.6 percent higher in 1944 than in 1939, though 41.0 percent less than in 1942.

Manufacture. Manufacture as a whole, as far as employment is concerned, has been much less affected than in those states which produce largely durable goods. Little retooling or plant conversion was necessary, the war calling only for an increase in number of shifts, and a lengthening of the work week. Employment increased in 1942 by only 22.0 percent over 1939, and in 1944 was only 21.1 percent above 1939. Much greater fluctuations characterized individual types in the Manufacturing group. For instance, ordnance and shipbuilding which had virtually no employment in 1939 had taken on 16,000 by 1942 and 33,000 by 1944.

Textiles, which ordinarily represent about 64.0 percent of employment in the manufacturing group has not maintained that proportion during the war, falling to 61.0 percent of the total in 1942, and to 56.7 percent in 1944. The increase over 1939 employment was 18.5 percent in 1942, and dropped to 8.6 percent in 1944.

Furniture, our next largest industry, in point of employment, increased in employment by 3.2 percent over 1939 in 1942 and by 22.6 percent in 1944.

Food Processing. Employment in this industry increased in 1942 by 33.2 percent over 1939, but by 1944 had dropped to 30.6 percent.

Tobacco Manufacture. The decline in employment in this industry has not been due altogether to the

(Continued on page 56)

Employer Rating Questions and Answers

Each year, beginning January 1, 1943, many employers have benefited by the experience rating provision contained in the Unemployment Compensation Law of North Carolina. Inquiries received by the Unemployment Compensation Commission indicate that some phases of the plan are not yet fully understood by employers generally.

In order to clarify some phases of the plan, the following answers to the most frequent questions are presented.

What is Experience Rating? A system, often referred to as "merit rating", by which employers meeting certain tests as to regularity of employment are granted a reduction in the payroll tax rate.

Are All Employers Rated? No, for an employer to be considered for a reduction contribution rate, wages must have been paid or payable by the employer for employment in some part of each of the three years preceding the date as of which rates for the succeeding year are computed.

How Often Are New Rates Calculated? New rates are calculated as of August 1 for each calendar year, based on the employer's account as of July 31 preceding such computation date.

What Savings May Result from Reduced Rates? The payroll tax may be reduced from 2.7 percent to .27 percent, a saving of 90 percent in tax payments. A scale set up in the Law provides six reduced rates carrying downward from 2.13 percent to .27 percent, and resulting in saving of from 21 to 90 percent of the payroll tax.

What Factors Affect the Condition of My Account? An employer's individual reserve account is built by accumulating a fixed percentage of the tax payments made each quarter. As long as he pays at the standard rate of 2.7 percent, ninety percent of the payroll tax is credited. In case of a reduced tax rate, the percentage decreases at a fixed rate with no credit for the lowest rate, of .27 percent.

An employer's individual reserve account is adversely affected by the unemployment of his former workers. Benefits paid to unemployed workers with base-period credits earned from the employer are charged against his account, thus reducing the balance standing in his account.

How is a New Rate Determined? By use of two tests showing the relation between the employer's reserve and benefit payments charged in any one of the three preceding years.

What are the Two Tests Used in Establishing Rates?

The first test to be satisfied requires that the reserve account balance be at least five times the *largest* amount of benefits paid from the account in *any one* of the last three years used in the computation.

The second test requires that the reserve account balance must exceed 2.5 percent of the total payroll for the three years preceding a computation date.

Can an Employer Increase His Account by Special Payments?

Yes. Voluntary payments made on or before July 31, are accepted and used in computing rates. These payments may be used to produce a reduced rate or to bring about a further reduction in rates already below standard.

Can I Determine the Exact Status of My Account for Voluntary Purposes?

Normally, the answer is "No". A general estimate may be made by using statements mailed periodically to employers giving names of benefit recipients and potential charges.

Can Voluntary Payments Be Considered as Prepayments?

No. Voluntary payment once made does not alter tax payments required under the Law.

What Rate Applies to Employers Not Qualifying?

They continue to pay at the standard rate of 2.7 percent.

How Do Employers Learn of the New Rates?

On or about December 15, the Commission mails each employer a Cumulative Reserve Account Statement which gives the contribution rate for the next calendar year.

What Does the Notice Contain? The notice gives the balance taken from the prior years' statement, a listing of payments and credits since the last computation, amount of benefit payments charged, the computation made to determine the rate, and the contribution rate applicable to the following calendar year payrolls.

When is the New Rate First Used?

The employer receives a statement giving the new rate in December, but it applies to the employment reported in the next calendar year, and is not to be used until the first quarter report is prepared during April.

What Effect does a Reduced Rate Have on the .3 Percent Tax on Payrolls Due the Federal Government?

None, since the Federal Unemployment Tax remains constant at .3 percent.

How May an Employer Protest His Assigned Rate?

By filing a request for a review of the rate computation with the Commission on or before January 31 of the year to which the newly computed rate applies. The request for review may be made on questions involving credits for contributions made, benefits charged, accuracy of the computation of rates, or any other factor involving the status of the reserve account.

What Benefit Payments are Charged?

Benefits paid a worker under the Law on or between August 1 and July 31 are prorated and charged to the reserve account of the base-period

employers as of July 31, and enter into the computation rate for the ensuing year.

Who Are the Base Period Employers?

A workers' base period employer(s) is the employer from whom the worker receives wages in covered employment that are used in determining his benfit rights for the year. For the claim filed on or between July 1 and December 31, the wages paid in the last completed year are used. For a claim filed on or between January 1 and June 30, the wages paid in the next to the last calendar year are used.

Are Reserve Account Balances Transferred When a Business Changes Hands?

No, not unless a request for transfer is made to the Commission on forms prescribed for this purpose.

Is it Desirable to Transfer Reserve Account Balances?

Usually it is desirable, but in some cases it is not best to request a transfer since the reserve account may be overdrawn due to heavy charges.

How Soon Must I Request A Transfer? To secure the full benefit of a favorable rate, the request for transfer should be made within the ninety day period after contributions become due for the quarter in which the transfer takes place.

Experience Rating In North Carolina, 1946

BY SILAS F. CAMPBELL, DIRECTOR, BUREAU OF RESEARCH AND STATISTICS

North Carolina served as a reservoir of labor for other states throughout the war period. The local supply was exhausted in certain categories early in the war because of more attractive wages paid in war plants. Shortages later became crucial in lumber, textiles, tobacco, food processing, and in many service industries. These shortages still exist. Surplus labor, in so far as those seeking work is concerned, has virtually disappeared from the market. Yet, 27,500 released veterans now draw allowance payments under the G. I. Bill, and approximately 9,500 civilian workers are drawing benefits under the Unemployment Compensation law. Apparently, payments to these 37,000 claimants are based on non-suitability of work, since all claimants for benefits must register in order to be eligible for benefits.

This condition furnishes a somewhat ludicrous background for any attempt to appraise the value of Experience Rating as a factor in employment stabilization. Even the full four-year period during which it has been operative provides no real test of its efficacy as an employment stabilizer.

Each year, except 1945, has seen an expansion in payrolls, although employment in 1944 and 1945 was at a slightly lower level than in 1943 or 1942. Benefit payments, however, reached a record low in 1944 with only 42,098 checks issued, as compared to 84,-839 in 1943 and 389,467 in 1942. Yet 1942 was the peak year in employment, the average number employed being 591,391.

The 1945 payroll of the 8,987 rated accounts included in this report was $738,623,000, only six million less than for the 8,479 accounts in the 1945 report. While this four-year period of high employment and payroll levels has resulted in a reduction of the average rate for 1946 to 1.67, as compared to 2.08 in 1945, and 2.43 in 1944; 2671 employers, or 29.7 percent of the total number of experience rating accounts, will pay the maximum rate of 2.70 in 1946. Of this number, 1,521 had been subject to the law for less than three years, leaving 1,150 employers who, though they had the required three years experience during a period of unprecedented high employment levels, were not able to obtain a reduction in rates.

These 1,150 employers were represented in every major industry division; six of them in agriculture, forestry and fishing; 17 in mining; 65 in construction; 398 in manufacture; 70 in transportation and communication; 432 in trade; 29 in finance, insurance and real estate; and 133 in service industries. Also, 147 employers, more than twice the number of any previous year, will pay higher rates this year than last.

On the other side of the picture, the 6,317 employers who will share in rate reductions during 1946 will save $7,630,336, and the cumulative saving from rate reduction since 1943 will amount to $14,478,588.

It is obvious that failure to obtain rate reductions during such a favorable period by those eligible for consideration can be ascribed largely to the effect of seasonality which the best effort of the employer toward employment stabilization, and aided by industrial expansion, cannot overcome.

YIELD AND EFFECTIVE RATE 1946

Computations made in 1944 estimated a yield at the 1945 rate (2.08) of $15,516,000 based on the 1944 payroll. However, the 1945 payroll for experience rating accounts was $6 million less than for 1944. Consequently, the 1945 yield was $15,363,000, approximately $150,000 less than estimated; but total contributions for 1945, including unrated accounts. accounts placed in suspense during the year, and delinquencies collected during the year, amounted to approximately $18.5 million.

Should the 1946 payroll reach the 1945 level the yield for 1946 should be $12.3 million at the calculated rate of 1.67. The January 1946 relative for North Carolina payrolls indicate that they are off by approximately 8.0 percent from January, 1945. If that level holds through the year, it will bring the 1946 yield of experience rating accounts down to $11.3 million, and total contributions from all employers down to approximately $14,000,000.

The number of employers who will pay the max-

imum rate in 1946 is less than for 1945 by 786, or 22.8 percent. The number who will pay the minimum rate in 1946 is greater than in 1945 by 575, or 207.2 percent.

The number who will pay less than the average effective rate in 1946 is 4387, or 48.8 percent of the total, compared to 39.4 percent in 1945.

The effect of war contract cancellations is not reflected in the rate computation for 1946 which was made as of June 30, 1945. However, the extra claims load following the end of the war may be expected to have little effect in retarding the downward trend of rates for 1947. An analysis of benefits paid during October, November, December, 1945, and January, 1946, discloses that, of the 119,080 weeks compensated, of which 77.2 percent were in manufacture, only 12.8 percent were chargeable to cotton textiles, our largest producer of war materials. Whereas 30.0 percent were against ordnance manufacture, and 20.2 percent against electrical equipment manufacture, the latter two of which have now disappeared from the picture. Less than one percent of all weeks compensated were chargeable to construction, and less than one percent to service industries. Only 12.9 percent were chargeable to trade, and 8.4 percent to all other industries.

Since both ordnance and electrical manufacture paid the maximum rate in the past, their omission from the next computation will tend to cause a more precipitate drop, rather than an increase, in the average rate for 1947.

Following is a distribution of experience rating accounts by rate classes and average 1945 pay roll:

1946 Rate	Units	Percent of Total	1945 Payroll[1]	Percent of Total	Average 1945 Payroll (Thousands)
2.70	2,671	29.72	$ 119,794,000	16.22	45.
2.50	518	5.76	69,002,000	9.34	133.
2.13	533	5.93	42,241,000	5.72	79.
1.76	878	9.77	96,218,000	13.03	110.
1.39	1,653	18.40	249,427,000	33.77	151.
1.02	1,165	12.96	92,273,000	12.48	79.
.65	718	7.99	43,025,000	5.83	60.
.27	851	9.47	26,643,000	3.61	31.
	8,987	100.00	$ 738,623,000	100.00	82

From the foregoing distribution it may be seen that the average payroll is smallest at the minimum rate, being $31,000, and largest at near the average rate of 1.39, being $151,000, while at the maximum rate the average payroll is 50 percent greater than at the minimum rate. This would indicate that with the exception of those paying the maximum rate and a rate of 1.39, the smaller the size of the firm, the greater the relative rate reduction.

However, when each rate class is weighed by the number of employers at that rate and classified by size of payroll, the result shows that both the smaller and the larger size firms pay a rate above the average, while firms with payrolls of between $20,000 and $100,000 pay less than the average.

[1]Wherever 1945 payroll is mentioned in the tables it refers to the fiscal year ending June 30, 1945. However, in the text reference to effective rate and yield the application is to the calendar year.

The following distribution includes only those accounts which were eligible for consideration as to rate reduction. Had the 1521 ineligible accounts been included, the showing would have resembled more closely the first distribution, since a larger number of the ineligible are among the larger size firms. It will be noted that the average rate for this group is 1.51 instead of 1.67, the average for all experience rating accounts. The percentage of accounts with rates at the farthest below the average is more than twice as high as for those with rates above the average. The concentration is among the firms with payrolls of less than $50,000.

AVERAGE TAX RATES BY SIZE OF FIRM

	No. Firms	Percent of Total	Average Rate
All eligible accounts	7,466	100.00	1.51
Less than $5,000	770	10.31	1.61
$5,000 to $9,999	1,126	15.08	1.65
$10,000 to $19,999	1,900	25.25	1.52
$20,000 to $49,999	1,906	25.53	1.39
$50,000 to $99,999	758	10.15	1.44
$100,000 to $999,999	912	12.22	1.53
$1,000,000 and over	94	1.26	1.58

The following distribution shows more realistically the relationship between average tax rate and size of firm:

PERCENTAGE DISTRIBUTION OF EMPLOYER ACCOUNTS OF THE SAME PAYROLL CLASS BY TAX RATE

PAYROLL	Percent of accounts with tax rate (percent) of—								
	All Rates	0.27	.065	1.02	1.39	1.76	2.13	2.50	2.70
Less than $5,000	100.0	23.5	8.7	7.8	8.8	5.6	4.7	5.3	35.6
$5,000 to $9,999	100.0	13.6	8.3	12.3	14.8	9.6	7.5	8.4	25.5
$10,000 to $19,999	100.0	1.14	9.7	16.0	20.7	11.9	6.8	8.6	14.9
$20,000 to $49,999	100.0	10.3	12.4	18.9	24.0	12.8	7.5	6.2	7.9
$50,000 to $99,999	100.0	7.2	11.2	17.3	28.1	14.4	8.6	4.9	8.3
$100,000 to $999,999	100.0	4.8	5.4	17.8	34.8	14.4	7.3	6.2	9.3
$1,000,000 and over	100.0	4.2	4.2	10.5	39.0	17.9	8.4	7.4	8.4

CHANGES IN RATE BY RATE CLASSES[2]

Of the 6,317 employers who will share in rate reductions in 1946 4,387, or 69.4 percent, will pay less than the average effective rate of 1.67, and will be responsible for 83.0 percent of the estimated loss in yield, while 147 employers will pay a higher rate than in 1945 with $29,980.60 more contributions. Of the 8,987 experience rating accounts, 2,761, or 29.7 percent, will again pay the maximum rate in 1946. In 1945 those who failed to obtain any rate reduction represented 40.6 percent of the total number of experience rating accounts.

Although 3,246 accounts have been placed in suspense within the past four years, the number of experience rating accounts has increased by 13.1 percent and the percentage of accounts with reduced rates has risen from 24.6 percent of the total in 1943 to 84.6 percent in 1946.

[2]Table 1 of the report shows the change in effective rate by rate classes, and the amount which employers in each rate class will save as a result of rate reductions, both from the 1945 rate and from the standard rate of 2.70.

Table 2 of the report provides a comparison of some of the more important phases of experience rating for each of the four years 1943-1946.

ACTIVE ACCOUNTS BY RATE CLASS AND INDUSTRY[3]

Manufacture and trade account for 73.6 percent of all experience rating accounts, for 72.5 percent of all employers who will pay the maximum rate, and for 72.2 percent of those who, although they met the three-year test, still failed to obtain a reduction in rates.

Less than 10.0 percent of all employers will pay the minimum rate. The highest proportion paying the minimum rate is found in the construction industry with 20.3 percent in this class. For other groups the ratio is: Finance, insurance and real estate, 19.0 percent; trade, 12.9 percent; manufacture 5.0 percent; transportation and comunication, 4.1 percent; service industries 3.9 percent; agricultural services, 3.7 percent, and mining 3.1 percent.

The proportion who will pay the maximum ranges from 50.0 percent in mining to 14.2 percent in insurance, finance and real estate. For other groups the ratio is: agricultural services, 44.4 percent; construction, 34.3 percent; transportation and communication 34.3 percent; service industries, 31.9 percent; manufacture, 31.1 percent; trade, 27.4 percent.

Those who pay the maximum rate of 2.70 are divided into two groups, (1) those who have been subject for less than three years and (2) those who meet the three-year test, but pay the maximum because of unfavorable experience. The latter group accounts for 43.1 percent of those who pay the maximum, and their distribution among the industries is of interest. In agricultural services they comprise 50.0 percent of the total; in mining, 53.1 percent; in construction, 31.6 percent; in manufacture, 40.2 percent; in transportation and communication, 52.6 percent; in trade, 45.5 percent; in finance, insurance and real estate, 78.0 percent; in service industries, 44.3 percent.

It is of interest also to note that, while 50.0 percent of those in the textile industry who pay the maximum apparently do so because of an unfavorable experience, in the lumber and logging industry which is regarded as highly seasonal, the ratio is only 32.2 percent, and in the manufacture of furniture it is only 37.8 percent.

It is also noteworthy that the effective rate in the textile industry has dropped only a little more than in the sawmill and logging industry, despite the high mortality rate in the latter. The effective rate in textiles dropped from 2.13 in 1945 to 1.62 in 1946, a decline of 51 percentage points, while in the lumber industry the effective rate dropped from 2.21 in 1945 to 1.71 in 1946, a decline of 50 percentage points. After four years experience, there is a difference of only 5.0 percent in the average rate of the two industries despite the difference in hazard and seasonality.

The explanation, aside from the stabilizing effect of war production upon both industries, appears to lie in the greater occupational versatility at the lower skill levels required in the lumber industry, with the result that when a sawmill or logging camp closes down the crews readily find employment in other low-wage seasonal industries, such as agriculture, or the manufacture of chemicals, fertilizer and food.

When the impetus of the war period is spent, the same influences which produce unemployment in one may be expected to force low production and unemployment upon the other and, except for the difference in capacity for occupational readjustment, each, during a depression, will share the burden of increased rates.

CONCLUSION

The last two reports on experience rating cover a period when there was a minimum of frictional unemployment, and probably the best opportunity for stabilization of employment that can ever be expected.

Disregarding the causes of disparity in rate reductions that lie in industry turnover, it is still found that there is a degree of instability in employment levels that is inherent in the industries of a state where seasonality is an important factor.

It is pertinent to refer here to a recent article in the *Manufacturers Record* by Mr. W. R. Dupree, President of Proctor and Gamble, which for years has had a plan of guaranteed employment for a given number of weeks in a year.

Mr. Dupree urges as a cure for unstable employment production to the consumption line rather than to the buying line, on the ground that consumption of 85 percent of all goods produced is steady, that consumption can be accurately guaged, and consequently stabilized employment can be maintained by forethought.

The weakness in this theory lies in the fact that in so far as some of the basic industries of this state are concerned it cannot be applied to the processing of food and tobacco products which must be done on the maturity of the crop. Likewise, fish scrap used as a base for fertilizer must be processed when the fish are on the run.

Cotton seed used for fertilizer and oil could be bought, stored and production leveled off, but fertilizer is not one of those commodities whose consumption is steady. Few concerns have sufficient capital to carry large inventories or provide the storage therefor.

The lumber and timber industry is affected by the fact that at certain seasons of the year logging crews cannot get into the woods to supply material to the saw mills; nor can highway and building construction be carried on extensively during periods of extremely low temperature.

These industries employ a large percentage of the North Carolina covered workers, and the effect of their slow-up on other North Carolina activities is coextensive.

Add to these difficulties the fact that strikes. either authorized or unauthorized may dislocate thousands of workers not directly involved in strike activity, and it seems safe to conclude that North Carolina industry will make no better showing toward year-round stability in the coming years than it has in the past.

[3]In tables 3 and 4 of the report the distribution of active accounts is given by rate class, major industry division and major industry group.

$100 BILLIONS NEEDED TO CREATE NEW JOBS

It's going to take a lot of brave, new dollars to create the brave new world in which some 55,000,000 additional jobs will be made available. In fact, some 100 billions of dollars.

That's the conclusion drawn from a survey completed jointly by the United States Chamber of Commerce and the Gastonia Chamber of Commerce.

The survey covered the period from 1939, as the last normal peace year, to 1945 as the imperfect example of what is to come. Gastonia was selected in the South because of the fact that it is primarily a city of workers of two classes: those for wages, and those who work as owners employing capital as their tools, thus simplifying the primary study and enabling a setting-up of simple inquiry methods for further surveys.

It takes an average of $7,000 to set up one wage-producing job, about equally divided between the fixed investment in buildings, machinery, etc., and the working capital in raw materials, supplies and operating expenses. This figure, true in Gastonia, acceptable in similar textile milling communities, and possibly acceptable for the whole South whose main industries are in the category of natural commodity processing, means that, to provide the 55 million jobs demanded by economists for national prosperity, capital investment over the United States must be upped at least $100 billions over the present $250 billions already invested.

In the manufacturing field, which is largely restricted in this area to textile and food processing, the latter required a capital outlay of $8,000 while spinning and weaving in the former was low at $2,-200, the last figure being substantially low because of the three-shift arrangement in most mills which utilizes machinery and buildings a full 24 hours of each day, an arrangement, by the way, which seems to point to the temporary solution of the problem of inadequate supplies of building material and machines, and a woeful lack of trained supervisory personnel.

Between the high and the low in manufacturing, repairs and mill supplies (considered as one) was second with $5,477, approval and finished products with $3,941, beverage bottling with $3,850, and machine shops (servicing the textile industry), $2,-288. Repairs and mill supplies, and beverage bottling require most fixed capital, $3,277 and $3,168, respectively, with the other ranging slightly over $1,000 to start a business on the one-wage level.

Also on the same level, working capital for each worker is $2,200 for repair and mill supplies, $2,550 for apparel and finished products, $682 for beverage bottling, $1,310 for machine shops, and $1,062 for textile mill products. Manufacturing requires a capital investment of an average $4,000 as compared to the overall figure of $7,000 which is upped in the distribution-service, the public utilities, the professions, and the church fields.

Believe it or not, it takes $11,392 per worker to set up an insurance office, while warehouses, furniture, automobile repair, and apparel shops range from $9,000 down to $7,000. Undertakers, automotive group, food stores, general merchandise, office supplies, drug stores, garages, and lumber require from $6,500 to $5,500 in the order named. The $3,000 to $1,500 group ranges, from high to low: theatres, eating places, beauty shops, barber shops, florists, filling stations, fuel dealers, feed and seed stores, and cleaning shops. Overall, the average tops the original $7,000.

Because of the costly fixed equipment in electric power and light industry and in the gas converting plant, figures of $40,000 and $25,000 respectively produce an astounding average of $32,500 capital required to give a man a job. As is also for the church, which always is an important item in the South: $21,000, derived from a high of more than $50,000 and a low of $2,000. The professions, however, show a reasonable average, with dentists at $5,249, doctors at $4,745, and lawyers at $4,985, with an overall average of $4,984.

Certain factors which are not accurately pictured in the results of this one survey would certainly affect the national picture of providing jobs for whomever will work. It must be remembered that the survey does not include farm jobs, nor inter-urban transportation, nor does it allow for the depreciation of war years, which one item will absorb an additional $10 billions of new capital for at least two years, if the Nation as a whole keeps to that high rate of annual investment which was set in 1920.

It is thought by the authors of the Gastonia report that only an annual investment of $20 billions will guarantee within twenty years the reaching of the goal of even 50 millions employed gainfully, since nomal depreciation in the decade from 1930 to 1940 absorbed all of the $20 billions of new capital invested for that period. And, quoting from the report:

"It is needless to say that the $20 billions or so of government plant will help little to offset the large consumption of capital in World War II, for the simple reason that much of that plant cannot be converted to peacetime production, and it is conceivable that a large percentage of such plant as can be converted is not in too good condition because of used substitute materials which went into construction, and because of wear and tear."

NEGRO VETERAN GUILTY FRAUD IN CLAIMS FOR ALLOWANCES

James L. Roseboro, Charlotte Negro and World War II veteran, was found guilty of making fraudulent statements in connection with filing claims for servicemen's readjustment allowances at a hearing held September 20 in the Charlotte Employment Service office before William F. Renfrow, Appeals Deputy of the UCC.

Evidence produced before Appeals Deputy Renfrow was that Roseboro had signed claims for allow-

ances for unemployment for the weeks embraced in the period from February 19 through August 20 of this year and that he had received $520 in weekly checks of $20 each for all of these weeks except one. Meanwhile, the evidence disclosed that Roseboro was employed at the Charlotte Memorial Hospital on February 19 and had worked regularly, losing only one day, through the period of filing claims. His wages were $110 a month and board. Roseboro admitted this evidence, except he denied endorsing three of the checks.

Appeals Deputy Renfrow declared him ineligible to draw further benefits under the G. I. Bill of Rights, which is the extent of the authority of the State UCC, and will turn over to the Federal Government a transcription of the evidence for what further action it decides to take.

Normal procedure is for the State UCC to submit the transcript of the record in the case to Col. A. L. Fletcher, Readjustment Allowance Agent for the Veterans Administration in North Carolina. If Colonel Fletcher concurs in the decision, he sends the record to J. Howard Killian, Charlotte, Acting Regional Attorney for the Veterans Administration, who turns it over to D. E. Henderson, Charlotte, U. S. District Attorney, for prosecution. Mr. Killian was present at the hearing.

Under the Serviceman's Readjustment Act of 1944, the provision of Sec. 1300 is that "Any claimant who knowingly accepts an allowance to which he is not entitled shall be ineligible to receive any further allowance under this title". Sec. 1301 (b) provides that "Whoever shall obtain or receive any money, check, or allowance under this title, without being entitled thereto and with intent to defraud the United States, shall be punished by a fine of not more than $1,000 or by imprisonment for not more than one year, or both".

A public spirited citizen of Charlotte brought this case to the attention of Chairman Henry E. Kendall, of the UCC, in a recent letter, in which he expressed the belief that the veteran-payee was and had been employed for some time at Charlotte Memorial Hospital. An investigation disclosed that this was true.

Chairman Kendall replied to this citizen, expressing deep appreciation for the information received and the desire of the Commission to do everything possible to see that abuses of the readjustment allowance program are eliminated.

"We are as determined to eliminate abuses of the Servicemen's Readjustment Allowance program as we are to see that World War II veterans who are entitled to these allowances receive them," said Chairman Kendall. "It is only through the services of citizens of the State, such as this citizen, that we are able to learn of the abuses and can take steps to eliminate them."

The three chairmen of the UCC of North Carolina since it was created late in 1936 have been Charles G. Powell, Col. A. L. Fletcher and Col. Henry E. Kendall, incumbent. Dr. William R. Curtis, Ralph Moody and R. Fuller Martin have served as acting chairmen.

NORTH CAROLINA GAINS 150,000 SKILLED WORKERS

North Carolina faced the greatest war in history with less than 60,000 trained skilled workers. It faces the new world after the war with almost 200,000 workers who are skilled in a score of trades and over a hundred specific jobs.

North Carolina has always been a state in which unskilled and semi-skilled labor is in such demand that no real need has shown itself for skilled labor. When war came there were just enough skilled laborers to keep active the high-priority manufacturing plants in tobacco, textiles, and furniture.

Draft quotas, migrations of workers to industrial centers outside the State cut into the available pool dangerously. Within the public school system, the Vocational Training Division bent every effort to train workers in a short time. It succeeded in producing 42,428 skilled workers, according to the figures of a survey made by the former Manpower Board at the request of the Division of Commerce and Industry of the State Department of Conservation and Development.

Competent training and ship-building, machine shop practices, and aviation services was given approximately 27,000 of these. Automotive services trained 2,429, sheet metal work 2,238, and welding 2,664. 1,847 were schooled in radio service, 258 in electrical services, while 158 and 170, respectively, were graduated in forging and foundry work in a state which was not producing iron or coal in commercial quantities.

Within the industrial plants of the state, 18,231 persons were trained for supervisory and highly-skilled positions as part of the program to produce skilled labor for war-time production. This figure encompasses the normal program of the industries which train their own supervisory and instructing personnel, plus a substantial surplus in job relations and job methods for expected post-war expansion.

The very factors which produced the shortages at the beginning of the war have now made available around 100,000 skilled workers. The manpower survey estimates that 165,000 native North Carolinians migrated to war jobs in other states, and practically all of them have returned. Eighty thousands of these were competently trained in shipyards, mines and machine shops, with the remaining 20,000 classified as non-industrial workers.

Finally, the Army, Navy, and Air Forces completed the training of 20,000 men in the many highly specialized branches of communication and maintenance, and these will be available as soon as demobilization is completed.

Just what the industrial set-up in North Carolina will do with this pool of trained workers is contemplated in the preliminary figures of another survey being made by the Division of Commerce and Industry, for covering new North Carolina Industries, and in the recently intensified activities of the North Carolina Planning Board, set up by Governor Cherry to explore the possibilities of utilizing state resources in manufacturing.

Net "Profit" Under Unemployment Compensation Taxation

BY JAMES W. JOHNSON, JR.[1]

The Federal Government since 1936 has made a "profit" of over $600 million on the collections of the 0.3% tax on employers of eight or more under unemployment compensation. This part of the tax levy was intended exclusively for covering the administrative costs, both federal and state, of this program. Funds are obtained for unemployment compensation from contributions made by employers, although in four states employees make a contribution. A dual system of wage reporting provides that an employer pays 2.7% (except as modified by experience rating) of his payroll to the state government, and a net of 0.3% to the Federal Government.

The 2.7% paid to the state is turned over to the United States Treasury, where it is deposited in the unemployment trust fund to the credit of the state, to be withdrawn by the states as needed to pay benefits to claimants who qualify under unemployment insurance laws.

The 0.3% which is paid into the Federal Treasury was intended to cover the cost of administering the law including the operation of the state employment services. Actually, administrative costs have been much lower than expected.

There has been much confusion in the public press and public discussion as to who pays for the employment services and the administration of unemployment compensation. A recent example of this type of muddled thinking is found in Drew Pearson's column—("Washington Merry-Go-Round," WASHINGTON POST, November 27, 1945), in which he said:

> "It is also the same principle at stake in the United States Employment Service, whereby the United States put up money and the forty-eight states have the privilege of spending it—with all the lush political patronage that goes along."

Like many other comments, this is completely misleading in that it gives the impression that the other states are asking to administer programs for which they are not willing to pay.

The net "profit" made by the United States Treasury since 1936 on this program is indicated by the table. It will be noted that in the past decade, in excess of $1 billion was collected under the 0.3% tax levy on employers of eight or more workers; about $417 million was expended on the administration of unemployment compensation and the employment services, leaving a net "profit" to the United States Treasury substantially in excess of $600 million.

NO TREASURY PROFIT INTENDED

That the collection by the Federal Government from the employers of each state was intended to cover only the administrative expenses of the unemployment compensation program is borne out by abundant evidence. President Roosevelt's message to Congress, January 17, 1935, on the proposed social security law states:

> "With respect to unemployment compensation, I have concluded that the most practical proposal is the levy of a uniform federal payroll tax, 90 percent of which should be allowed as an offset to employers. *The 10 percent not thus offset should be used to cover the costs of federal and state administration of this broad system.* Thus, states will largely administer unemployment compensation, assisted and guided by the federal government." (Italics supplied.)

The report of the Committee on Economic Security to the President at the same time, in connection with the proposed bill, contains the following statement:

> "A grant-in-aid for administration would not create any new burden on the Federal Government, as it would be paid for by *the amount* of the payroll tax over and above the credits allowed for contributions to state funds." (Italics supplied.)

In the discussion of the proposed bill before the House and the Senate, it was clearly brought out that "Federal Government does not aid the State with one dollar of any funds raised by the Federal Government outside of that which comes from the State itself."

Although it is thus a matter of record that the 0.3% unemployment insurance tax paid to the Federal Government by employers in each of the 51 states and territories was to provide funds for administering state unemployment insurance laws, yet in actual practice the revenue has been merged with federal general funds, and appropriations for state administrative costs must be made by Congress each year. Yet, as stated above, it is important to note that administrative expenses have actually been less than one-half of the amount collected by the Federal Government for that purpose.

NET PROFITS STATE BY STATE[2]

It may be observed that, with very few exceptions, the expenditures of funds allocated to the administration of this program fell substantially short of the 0.3% tax collected in the several states. In a few instances of relatively non-industrialized states, the expeditures, exceeded the collections by small amounts. In states such as California, Illinois, Michigan, New York, Ohio, Pennsylvania, very large sums have been collected running to $50-100 million or more. In some instances, the expenditures within

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[1]This is a condensation of an article which appeared in the January 1946 issue of *American Economic Security*. It is carried in the *Quarterly* through the courtesy of the author. Mr. James W. Johnson, Jr., is assistant editor of *American Economic Security*, published by the Chamber of Commerce of the United States of America.

[2]See table, giving collections and expenditures by states, and Note on Financial Data on pages 8 and 11 of *American Economic Security*, January 1936.

the state have been only one-fifth of the 0.3% tax collected.

In North Carolina, against collections of $12,557,000, funds allocated to administrative expenses have amounted to only $7,582,000, giving the U. S. Treasury a net "profit" of $4,975,000.

Obviously here we have a major diversion of funds and Congress should examine this entire program, at the earliest possible date, with a view to correcting the inequities.

ADMINISTRATIVE DIFFICULTIES OF STATES

One of the effects of this system of financing unemployment insurance is that the states' carefully prepared budget requests must run the gauntlet of five different federal budgetary control points in addition to regular state controls.

After approval by the State Executive Director, the budget request goes to the regional office of the Social Security Board. Conferences are held with the State Finance Officer and changes may be made at this point.

After approval by the regional office, the budget request is forwarded to the Washington office of the Social Security Board. Here, each state's request is viewed and can be cut. The combined state budgets then become a part of the budget request of the Federal Security Agency which is submitted to Congress each year for an annual appropriation. So thoroughly is the relatively small amount for unemployment insurance administration merged with all of the other items that relatively few Congressmen remember that funds for this purpose are raised by the imposition of a specific tax on the employers of each state.

The combined Social Security Board budget is also reviewed by the federal budget authorities where again cuts can be and are made. Board officials who are not in direct touch with state operating conditions are present at these budget hearings but no opportunity is given to state officials to indicate what their real needs are or what results will follow from changes that are contemplated.

The amount as recommended by the federal budget authorities finally reaches Congress, where it follows the usual course through the House and Senate committees. Reductions may be made in requested funds by either committee or on the floor of the House or of the Senate.

The method of providing administrative funds for railroad unemployment insurance offers an interesting comparison with the present method of providing them for state unemployment insurance, especially in view of the original intentions so clearly expressed in 1935.

In the former case, 10% of the taxes paid by railroad employers for unemployment insurance (equivalent to the 0.3% of wages paid by state) is turned over directly to the administration fund and therefore Congress does not make an annual appropriation. Expenses for administering the unemployment insurance phases of the Railroad Retirement Act are met by this fund and any balance on hand on June 30th of each year which exceeds $6 million is turned over to the account from which unemployment insurance benefits are paid.

COLLECTIONS AND DISPOSITION OF FUNDS UNDER 0.3% TAX (in thousands)

Fiscal Year	Collections	Expenditures	U. S. Treasury Net "Profit"
1935-36	$	$ 1,022	$
1936-37	57,840†	9,075	48,765
1937-38	90,127†	42,256‡	47,871
1938-39	100,750	58,758‡	42,001
1939-40	105,156	58,332‡	46,824
1940-41	100,086	62,462‡	37,624
1941-42	119.981	69,645‡	50,336
1942-43	158,279	55,102‡	103,177
1943-44	179,945	30,755#	149,190
1944-45	184,508	29,109#	155,399
Total 1935-45	$1,096,681	$416,516	$681,187

†Includes $40,562,000 subsequently refunded to states which did not collect taxes on 1936 payrolls and on which employers paid full tax to the Federal Government.

‡Includes grants (Jan. 1, 1938-Dec. 31, 1941) or allocations (Jan. 1, 1942-Nov. 30, 1942) by the Social Security Board from Title 3 appropriations to states for employment service operations.

#Excludes amounts for services and facilities furnished to USES by the state agencies.

This method, if used with state unemployment insurance, would at least bring current appropriating practices in line with original intentions. However, it be well also to consider other possible methods of providing administrative funds to the state agencies. The Social Security Committee of the Chamber in a report stated.[3]

> "The Social Security Board is in a position to exercise undue influence over state agencies because the States are dependent upon the Board for funds to cover the costs of administration. . . Since this tax was not levied for the purpose of raising general revenue and since the full amount collected annually is not required or made available for state administration, we believe that the federal law should be amended to provide that the federal tax of 3% be changed to 2.7% with 100% offset granted to meet the specifications of the present federal statute. Under this change the States would raise their own administrative expenses by the direct collection . . . An alternative solution to the problem mentioned in the foregoing paragraph would be to provide that any amount received by the federal government under the continuation of the present .3% net tax from the employers in a State which is in excess of the administrative taxes allowed to that state, should be paid to the trust fund of the State for the payment of benefits."

[3] *Social Security in the United States*, Chamber Policies and Report of the Committee on Social Security, Chamber of Commerce of the U. S. A., October, 1944, pp. 16-17.

INTERSTATE CONFERENCE PRESIDENT

James J. Graham, Acting Executive Director of the Employment Security Division, Connecticut State Department of Labor, was elected President of the Interstate Conference of Employment Security Agencies at its 1945 meeting held in Baltimore, Maryland. He succeeds Stephen C. Cromwell, of the Maryland Employment Security Division.

Those Perverse Women Who Want to Work

BY ROBLEY D. STEVENS, LABOR RELATIONS CONSULTANT[2]

One aspect of the present unsettled labor conditions interests me very profoundly, and it is one which women themselves should go into more thoroughly. It is the matter of women so often being forced out of employment in these post-war days. In fact, so very deeply do I concern myself with this matter that it is difficult for me to write of it with any degree of detachment.

To tell women that they must go "home" now, after having helped the nation through a most difficult period, may be fair enough so long as such women have homes—not in the sense of places "where, when you have to go they have to take you in," but in the real sense of places where one's services are needed and one's wants supplied. The majority of women who are being dismissed have no such places to which they can go. A brother who heretofore considered his sister's support just another duty can scarcely feel so after she has been on her own during the war years. A father who formerly supported his daughter of twenty does not feel so much like continuing when she has become twenty-four. Neither are married women necessarily supported. And the point must be made that with modern labor-saving devices the childless city wife should not expect "support" from her husband in the same sense as a hard-working farmer's wife expects it.

But whatever the circumstances, the fact still remains that a society that does not require its masculine sex by law to provide adequately for its unmarried feminine members has no right to deprive women of remunerative employment.

The wholesale dismissal of femininity with little hope of reemployment does not, in the opinion of many, send the women "home"; rather, it sets them astray in a society which manages to give a peculiarly unpleasant inflection to its phrase applying to unattached femininity—perhaps "street walker," "bird of passage" "adventuress," or perhaps "old maid." These outsiders are, for any provision that is made for them, as much exiles from accepted society as were the Jews during Nazi regime, at least in the eyes of psychologists. A woman may oftentimes have a feeling of not really existing in the current social order at all, or of existing only as a foreigner who has gained citizenship through parasitical attachment to some male.

The singling out of women for dismissal from war jobs is in the opinion of the best minds society's way of sidestepping a precarious situation by discriminating against the group least able to raise its voice in protest. There are well organized groups to combat prejudice against race, class, and religion, but there is no group organized to combat sex prejudice, for the simple reason that femininity is divided against itself. At least half, perhaps more than half, of American women find themselves adequately provided for, even indulged, through being under the direct protection of a husband or a father. It is hard for these to sympathize with femininity not so provided for. Women thus find themselves in opposing camps, with any purposeful drive diverted by dissension from within.

Those women who are cared for adequately through their connection with a husband or father are apt to have the attitude of the house slave of the old South, who, himself carefully nurtured and affectionately considered, had come to acquiesce in the vast social system and felt only antagonism and distrust for the rebellious "field nigger". Women who have made their peace with society as it stands—and one can scarcely blame many of them for doing so, seeing the good things it has brought to them—are tempted to overlook the serious problems of others, to consider such problems non-existent, in fact, and to hold less satisfied femininity as disputatious and trying members of their sex. The society woman, for instance, is apt to second the man's voice in commanding the war-factory woman worker return to the home, the implication that if she be properly feminine that home will materialize fully equipped with a fond and affluent husband.

The whole thing boils down to the point that in this modern age, and particularly in the field of labor relations, where there is so much unrest between management and labor and the government, it has become clear that employers do not make the proper adjustments for their employees from a sense of fair play, but that legislation or some sort of labor coercion must be brought to bear. So also it becomes clear that chivalry is no longer to be relied on (could it ever have had results, unless backed by unconscious coercion?) in obtaining the right treatment of femininity universally. Some say, laws must be passed and pressure used to obtain adequate relief in this matter, as laws have been passed to obtain relief in the field of management and labor relationships.

It is believed that women are getting around to realizing this, but the situation is becoming more and more untenable for women who want to work—simply because they want to eat, and have shelter, and be welcome and above all respected members of homes where work is honored and everyone is eager to do his share of it.

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[1]Reprinted, by permission, from Vol. 39, No. 2, of the *Journal of the American Association of University Women* (Winter 1945) p. 97.

[2]Formerly representative of the Wage and Hour and Public Contracts Divisions, U. S. Department of Labor. "Here is a man who sees the employment problems of women from a fresh angle"—A. A. U. W. *Journal.*

YES, We Have Nylons Today!

BY FRANCES T. HILL

Since "nylons" has recently been for most women a cross between a battle cry and the heart's desire, with civilian socks for veterans causing almost as much of a stir, it is high time to consider the story of hosiery—whence it came, and the how of socks and stockings today—especially in this our own State of North Carolina where the making of hosiery ranks among the foremost of our economically important textile industries.

In recent years North Carolina has been the largest hosiery producing state in the South, both of full-fashioned and seamless hosiery, and the output from the South is 69 percent of the national total. This State produced 3,916,000 dozen pairs of full-fashioned hosiery in 1934 and has steadily increased its output, reaching a peak of 10,640,000 dozen pairs in 1941, receding only to 9,332,000 dozen pairs in the war year of 1943.

1945 Hosiery Equipment in Southern Knitting Mills

(Condensed from table, page 6, in *The South's 2 Textile Markets*, issued by the Clark Publishing Co., of Charlotte.)

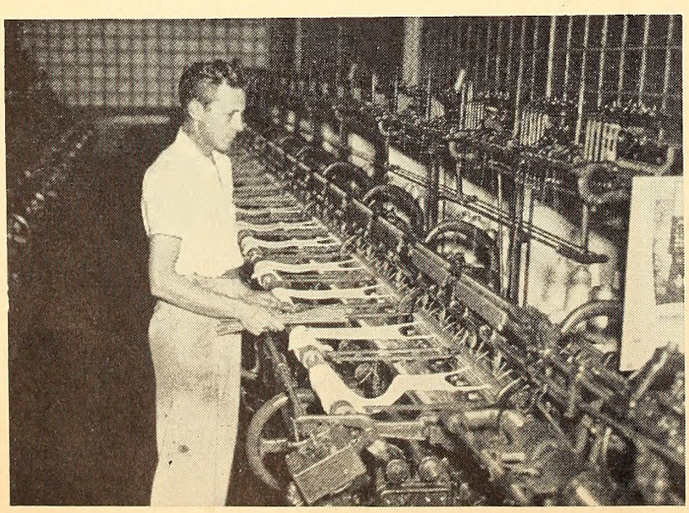
	Seamless Hosiery Mills	Seamless Hosiery Machines	Full-Fashioned Hosiery Mills	Full-Fashioned Hosiery Machines
Georgia	31	8,144	11	447
NORTH CAROLINA	183	22,004	70	2,746
Tennessee	58	13,358	19	1,154
Virginia	9	2,692	22	517
TOTALS—including	303	64,901	149	6,250

figures for other Southern states of Ala., Ark., Fla., Ky., La., Miss., S. C., Tex., and W. Va.

*HISTORY**

The knitting of hosiery from time to time has been an art, a social nicety, a simple game, a household necessity, a patriotic duty, and an immense industry. Even today, in many places and to some extent, it is all of these.

Although the stockings or socks we now wear are familiar items of apparel, back of them is a story that began several thousand years ago, when men discovered they could not fight and get a living without protecting their feet. Satisfactory foot and leg covering is a requirement in most climates, but several conditions have made hosiery especially interesting.



Machine knitting of full-fashioned legs

The shape of the human limb is an odd one over which to fit something that shall be at the same time snug, flexible, comfortable and sanitary. It poses problems of materials and design. And there is the question of beauty. Throughout the history of costume, men and women have tried to combine necessity with notions of beauty and style.

Humanity has labored long to devise a suitable covering for the protection and adornment of the lower limbs. Both men and women have tried heavy hose without shoes—sandals and shoes without hose, and boots that were all-in-one. The stockings and socks of today are not the work of any one age. Going barefooted has of course always been common —but nobody ever enjoyed the practice for long.

Early attemps to make leg coverings included the use of dried skin, bark, grass, or anything handy. Early sandals and boots were commonly worn by themselves. Hosiery came in only a little at a time. Bare legs went out of fashion for almost all Europeans who could afford stockings during the Middle Ages. The word "hose" is of Anglo-Saxon derivation, and meant the entire covering of the legs all the way up the thighs. Leg garments had many forms—"upper stocks" and "nether stocks" from which comes our word stockings; and many materials—velvet or satin for the rich and jean, fustian or the like for the poor.

All stockings were originally of cloth, that is a woven fabric. They could not have been very comfortable or well-fitting. Even the well-to-do had nothing better than cloth stockings—until some brilliant mind invented knitting.

A simple thing in principle, it has revolutionized whole sections of industries and made livelihoods for large populations. The inventor is not known, nor his time, nor his country. But the art of knitting must have been perfected about the time of Columbus, somewhere in western Europe.

Knitting is different from weaving and fills different needs. Woven fabrics are called cloth. Knitting goes by its own name. Cloth has limitations—it will not stretch to fit the leg, for instance.

The nature of the knitted structure, however, where loop hangs on loop and one row upon another, establishes an equilibrium by which a loop, when disturbed seeks to right itself, and has obvious advantages. This one discovery—knitting—instantly solved many of the basic problems of making hosiery.

Within two or three generations, knitting had spread all over Europe. The women did it by hand, everywhere from huts to palaces. Cloth was made on looms, but knitting could be made anywhere one could carry a pair of needles and a little yarn. It became an age of knitting, and an age of stockings.

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*This section on History is largely drawn from *The Story of Hosiery*, published about 1930 for The May Company of Burlington, N. C.

For several centuries stockings held a special place in male attire, as a glance at any period picture up and into the 19th century will show. Many were the fancy designs, embroideries and ornaments.

MACHINE KNITTING

In 1589, in the time of Queen Elizabeth—a relatively short span after the discovery of knitting as a process—the Rev. William Lee of Nottingham constructed a machine that would knit eight loops to the inch. As a machine, this was a primary invention. Later he perfected another that knit twenty loops to the inch.

His personal story is that of an inventor who struggled to see his new scientific device accepted by those who feared the economic results of machine industry, and did not live to see extended production, the greater employment and lowered cost of goods which his machines made possible.

Although 357 years have passed, modern knitting machines operate upon the general principles established by Lee. The construction that he created has never been changed fundamentally. Modern stockings for women average about twenty-eight loops to the inch.

Such evidence as exists indicates that knitting machines appeared in this country around 1818-1822 and were first established in Ipswich in Massachusetts and in Germantown in Pennsylvania. These were smuggled in secretly in tubs of butter, against a possible penalty of $2500.

At that time, fashion still emphasized the long stocking for men, worn with knee breeches, and hidden hose for women. With ensuing decades, style moved on. Hosiery for men became a semi-undergarment. Then, later, through various ups and downs, what hosiery lost for men it gained for women, in spite of sermons and abusive articles.

MODERN HOSIERY

Thus it is in relatively recent times that hosiery for women became a new art and a new industry. About 1900, one pair of silk stockings was sold for every 2,000 persons in the United States. Today North Carolina produces over ten million dozen pairs of women's full-fashioned hose a year. (Total output for the United States in 1944 of both full-fashioned and seamless hose combined was 149,282,000 dozen pairs).[1]

"Full-fashioned" is the term used to describe a stocking knitted as a flat strip, tapered as it approaches the ankle to conform to the shape of the leg, with the foot usually knitted on afterward and then a seam stitched at the back. "Seamless" is the term applied to hose knit as a cylinder or tube on a special circular knitting machine.

In North Carolina[2] there are 72 plants operating a total of 2,746 knitting machines turning out full-fashioned hosiery. In addition, some 206 plants operate a total of 32,297 circular knitting machines making seamless hosiery.

[1] Nat. Assn, of Hosiery Mfgrs., *Hosiery Statistics.*
[2] Clark Publishing Co., *Buyers' Guide to Southern Hosiery and Knitwear Mfg.* (1946 Ed.).

Pairing the finished stockings

Today's hosiery knitting industry may be studied through observing the plant operations of one of the State's largest mills in which the pictures illustrating this article were taken—the Adams-Millis Corporation in High Point. Here in one plant are found the equipment, the method, the trained personnel and the know-how representing the results of many years of development.

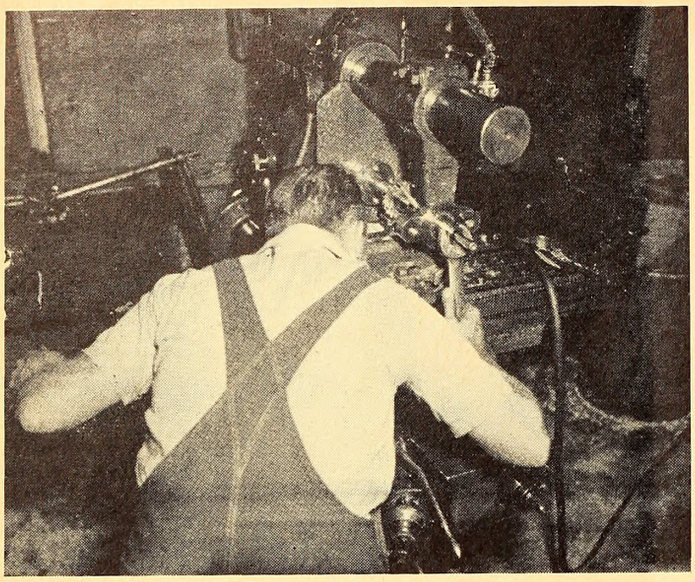
In this High Point mill one sees a smooth-running system at work. The finished hose—nylons for ladies—are the result of a chain or series of operations, each guided by operators skilled in the handling of particular types of power machinery. Thus may be turned out stockings by the million in a week, where an early frame knitter individually operating a machine with hands and feet could produce only a few pairs a day.

Most of the larger hosiery mills, such as the Adams-Millis Corporation, manufacture both full-fashioned and seamless hose in separate departments. Women buy many times more full-fashioned than seamless hose, but men's socks are made almost entirely by the circular knit method.

MAKING NYLONS

While there is a demand for hosiery of every available material, cotton, mercerized cotton, wool, rayon, bemberg, etc., the greatest demand in full-fashioned hose which was for silk just a decade ago has been superseded by the wildfire popularity for chemistry's gift to women, the synthetic fibre nylon. Only a few heretics remain who still insist that a worm can make better silk than a chemical plant.

Into the hosiery mill comes the raw material, the big spools of nylon, to be mounted in position on the machines. For a full-fashioned stocking the leg is usually knitted first, on a machine that will do 24—some do 30—legs simultaneously. As first knit, such legs require both topping, that is the double hem at the top, and footing which is the addition of the knit foot to the completed leg. New machinery has been developed which will do all three of these

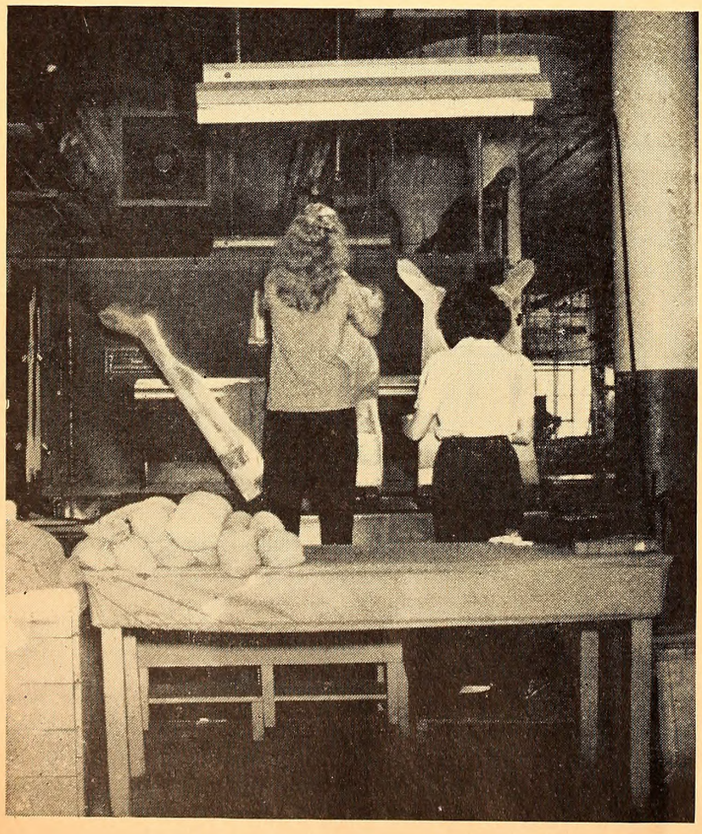


Machinist makes adjustments

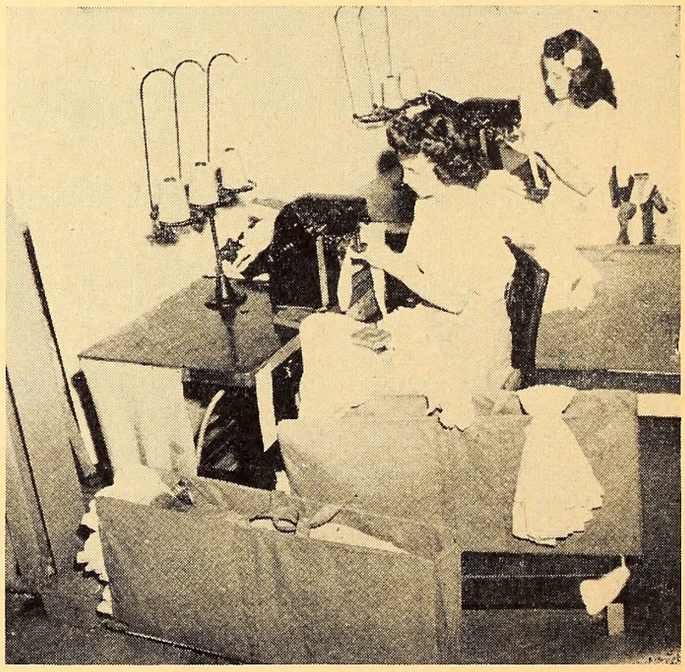
knitting operations successively without interruption, and most forward-looking mills are installing this as rapidly as they can. But at present, most full-fashioned stockings made require the separate process known as footing. This involves the transfer of the stocking from the machine that knit the leg to that which will knit the foot, placing each separate loop at the junction point in the correct position for the second set of needles in the footing machine to pick up—a most delicate operation. After footing, the stocking is still flat. The edges must be put together.

On the toe and heel, where a heavy seam would trouble the wearer's foot, the edges are brought together by what is known as "looping". The looping process is regarded as the bottleneck of the hosiery industry. Total production is limited by the number of skilled loopers in a plant and what they can accomplish in a day. Looping is another delicate process with 28 to 38 points per inch to be worked. These must be controlled by a skilled hand. It takes years of practice for a looper to average 80 dozen stockings a day.

Down the back of the leg of the stocking, the edges are seamed on a sewing machine. Then the completed stocking is stretched on an expanding form to test its strength and to undergo rigid inspection for flaws, an inspection which is facilitated by the use of mirrors. Many of the stockings which are found to be imperfectly knitted can be mended or "latched-up".



Nylons are pre-boarded



In the sewing room

In many respects the sewing room is the most colorfully pleasant part of the factory. In previous steps of manufacture, the embryonic stockings appear as shapeless dull white objects against a background of the dark metal of the machines. But in the sewing room, the shimmering piles of stockings, yet undyed from the pale blue and green tints of the yarn, create a study in pastels that should tempt an artist. To the outside observer, the factory interior at this point has the atmospheric charm of a scene from fairyland.

The next step in the making of nylon hose is known as pre-boarding—a process required only for stockings made of nylon. Slipped over leg forms, they are carried by machinery through a chamber where they are moulded to shape under 260° of steam pressure. After this treatment, nylons retain their pressed shape permanently. Because of this peculiarity of the nylon fibre, it is possible to knit ladies nylon hose on the circular machines, as seamless stockings which will acquire leg form from the

pre-boarding process. However, manufacturers hesitate to break with the full-fashioned style tradition until the ultimate women consumers have expressed a preference for seamless nylons.

Now comes the dye bath. For nylons there are three standard colors. This stage of manufacture is the same for all stockings and socks, except those which have been circular knit from a combination of threads previously colored. Hose are boiled in large vats for the proper length of time then removed and partially dried. They are then stretched on steam filled metal leg forms where they become perfectly dry and smooth. This is the usual boarding operation, essentially a process kin to household ironing.

Final steps include another inspection, matching hose into pairs, stamping, folding, boxing and lastly packing and shipping. Thence stockings and socks made in North Carolina go to customers in all parts of the U. S. and other countries as well.

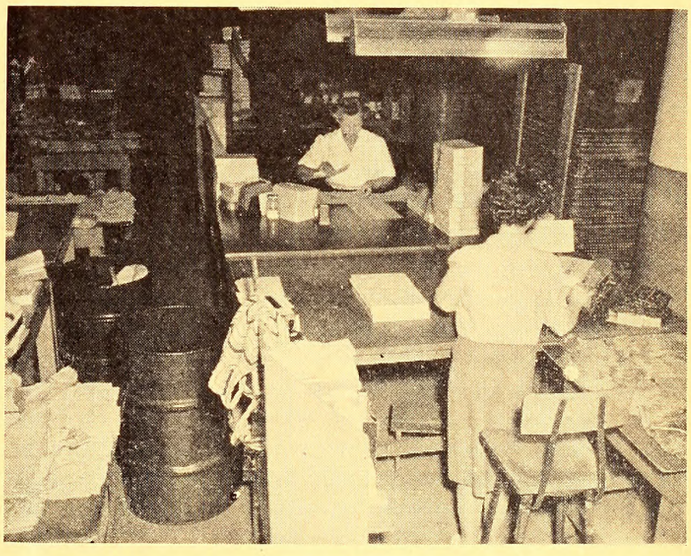
Stamping, or labelling

ABOUT SEAMLESS

In the mill's seamless department, where socks are made, plant operations have a very different aspect from those in the full-fashioned knitting department. Instead of rows of stocking legs all being knit on the same machine, there are rows of individual machines, designed for circular seamless knitting, each a separate unit, knitting one sock at a time.

The Adams-Millis Corporation's seamless department has 2,038 circular knitting machines for ladies' seamless, campus socks, misses' anklets, men's and boy's half hose and golf hose. Superficially these machines all look very much alike, yet their output is amazingly varied. Some will be knitting with undyed yarns, either plain or in intricate combinations, while others draw from spools of different colors. Equally varied are the patterns. These depend somewhat on the machines, where it is a matter of ribbing for instance, or of diagonal clocking which is done only on the Banner machine.

Seamless hose also require looping at heel and toe, as well as the special hand operation of clipping—that is the removal of the inner cross threads where these occur—before continuing through the final stages of inspection, dyeing, boarding, and packaging.



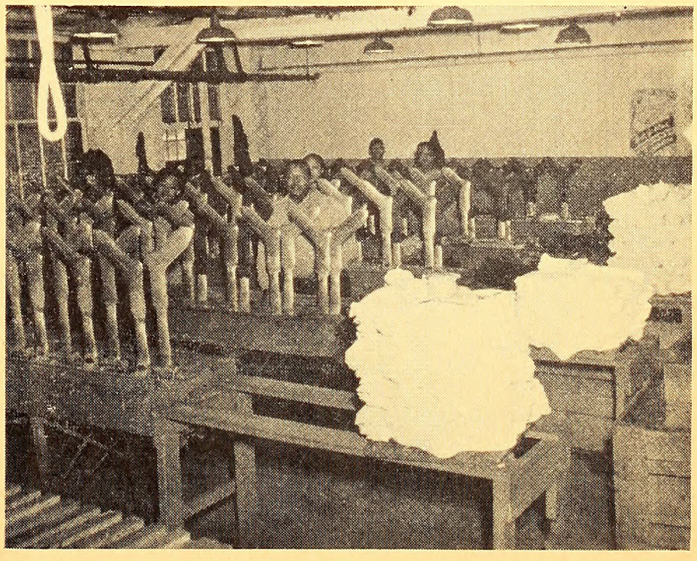
Packaging

EMPLOYEE COMFORTS

Proceeding through the plant from one department to another, it is apparent that the individual workers take real pride in their own part and special abilities in the line of production.

Such good morale on the human side is fostered by the type of personnel management which seeks to make work hours in the plant pleasant ones. Entertainment is provided from time to time by industrial music. Over a public address system may come a stirring march, a croon song, or any other selection which the workers' choice favors.

A small cart serves as a movable drink stand



Section of boarding room for men's seamless hose

which is wheeled around the floors bringing refreshment to the work areas.

Perhaps the most interesting as well as recent development for employee comfort is the installation of the Ortho-Rater, an instrument perfected by Bausch and Lomb to promote correct vision for industry. It is important that employees on such operations as looping, topping, sewing, pairing, matching, as well as those in other departments possess keen vision at close distance. They must be able to maintain such vision for eight hour shifts with only occasional interruptions. Their average earnings, especially of those engaged in the more delicate operations, largely depend on eye ability. Vision tests conducted with the Ortho-Rater by two company men who received special training for this at Purdue University, measure each worker's eye capacity and indicate when an individual's vision needs special attention.

So does modern science contribute to the modern hosiery industry in diverse ways.

STAINLESS STEEL STOCKINGS

Stainless steel stockings which will compete with nylon and vinyon and other thermo plastic yarns are now being experimented with in the metallurgical laboratories, Walter Tower, president of the American Iron and Steel Institute, said in a recent lecture on the post-war uses of steel.

Companies are producing steel threads 19/10,000 of an inch in diameter for war purposes. These threads are stronger than those of any textiles, consequently stockings will probably have fewer runs. A quick dash in the water will wash them and they will dry on the radiator in a few minutes. Winnie, the welder, will have something on her sisters because she will be just as adept with a blow torch as her sisters with a needle and thread. Right now this is a laboratory dream but considered feasible, technically.

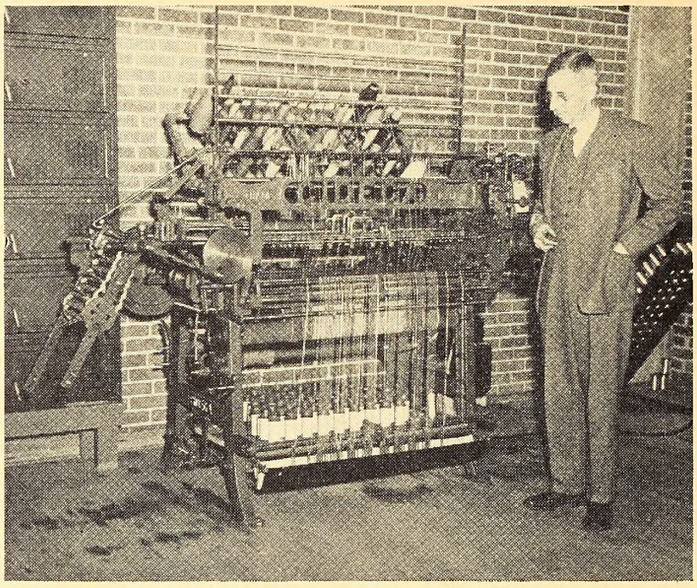
It would cost $242.00 per pound to manufacture a steel thread equal to the yarn presently used in the manufacture of stockings.

We have heard of glass stockings from Scotland and Elsie, the Cow, is considering making stockings from milk. What next?

TEXTILE FOUNDATION AIDS KNITTING INDUSTRY

At North Carolina's Textile School, which ranks with the best in the nation and has the distinction of the largest average enrollment during the past eight out of ten years of any textile school in the country, the knitting division is headed by Prof. William E. Shinn. A considerable portion of his time is spent providing technical assistance to the hosiery mills in the State.

Under Prof. Shinn's direction, students are taught both the fundamentals and the fine points of knitting, and study the intricacies of pattern design with various types of yarn.



Prof. W. E. Shinn, of State College, stands beside a Cidega knitting loom

The Textile School plant, which is located at State College in Raleigh, is equipped with 40 knitting machines, all used for experimental purposes. Yet how well the students learn industrial processes is attested to by the number of fine finished knit articles they have made—including such nylon hose as any woman would be proud to wear.

Of particular interest according to Mr. Shinn, are the possibilities in knit goods that may be manufactured with a knitting machine known as a Cidega loom—a unique development in North Carolina. With this unit which costs about $1500, and which an industrious housewife could operated in her own home in spare time, a wide variety of knit articles may be made. A notable example of this is a loose vari-colored fabric well-suited to draperies.

The Textile School aims to provide a broader education in textiles for Tar Heel youth, and has been enlarging its facilities at State College through donations made to the North Carolina Textile Foundation.

A total of $750,000 has been contributed so far, and leaders of the Foundation have set their financial goal at $1,000,000. Promoters of the organization are confident that the goal will be reached and possibly surpassed.

Objectives of the Foundation are to provide means through the Textile School and its staff members of obtaining better trained graduates in textiles to fill vital position in various branches of the industry. An extensive program of research is under way with plans for future expansion.

The Foundation sponsors a well-rounded training program at the Textile School including marketing and business management, personnel management, enlarged designing department, supplementing the teaching in carding, spinning, weaving, knitting and finishing, seamless hosiery, full-fashioned hosiery and other types of knitted goods, and more extensive research in all phases of the textile industry. Headquarters of the Foundation are in Greensboro.

NORTH CAROLINA WAR WORKERS

More than half of North Carolina's total non-agricultural labor force was at work directly in support of the war effort at the time of the peak of war production, roughly when the war ended in Europe.

The United States Employment Service announced that an estimate places at 259,750 the numbers of workers who were contributing to the production of goods going directly to the armed forces and at 99,-150 the numbers engaged in supporting war work, or a total of 358,900 who were supporting the war effort, directly or indirectly.

These figures are based on estimates that about 700,000 non-agricultural workers were employed in North Carolina at the peak of war production in the period approaching V-E Day, last spring.

Many factors and conditions enter into any complication of such figures, but with due allowances, these are the approximate numbers and percentages of our non-agricultural workers engaged in producing supplies and materials, directly or indirectly, in support of the war effort.

No account is taken in these figures of the approximately 351,000 men and women who entered the armed forces, more than 300,000 of whom were still in service last spring. Since North Carolina is a fairly evenly balanced state, as between agriculture and industry, it can be assumed that half of those still in the armed forces last spring, or 150,000 had been drawn from non-agricultural activities.

North Carolina's non-agricultural labor force exceeded 800,000 during the prewar and early war months, but this force was whittled down by Selective Service withdrawals and migration of workers to war plants in other states. Lessening this decrease, however, was the large increase of women workers. Before the war women constituted about one-third of the non-agricultural labor force in activities later classed as essential. As the war drew toward a climax women comprised almost one-half of the labor force in such activities.

Farmers and farm workers, who produced increasingly large crops during the war with progressively fewer workers, are not included in this complication. However, many millions of man-days of work in industry and essential services were contributed by farm workers during their off-season periods.

Industry and services contributing appreciably to the war effort and numbers of workers in the several major classifications are estimated as follows:

Mining (mica)	2,500
Textiles	140,000
Apparel	3,000
Lumbering-Logging	23,000
Furniture	7,500
Paper & Allied Prod.	3,000
Chemicals	5,000
Leather and L. Products	900
Iron & Steel	2,100
Non-Ferrous Metals	1,300
Machinery	2,900
Autos & Parts	600
Transportation, exc. auto	5,500
Tobacco Maunfacturing	7,600
Tobacco Processing	12,400
Ordnance & Accessories	15,000
Rubber	600
Ship & Boat Bldg.	23,000
Electrical Machinery	7,000
Reg. Government Estab.	40,000
Construction	50,000
Foods & Kindred act.	4,000
Stone, Clay & Glass	2,000
Total	358,900

FOR TOBACCO WORKERS

Tobacco, growing, marketing and processing in North Carolina has been the subject of a special study made by the Occupational Analysis Unit of the United States Employment Service. One of the main purposes of this study was to assist local USES offices in their effort to place tobacco processing workers in gainful employment during about seven months of the year in which no tobacco work is available.

Miss Blanche Lancaster, Chief Occupational Analyst, conducted the study, assisted by tobacco growers, warehousemen and processors. A pamphlet, containing about 50 pages and 16 illustrations, describes the findings. A map shows the Border Belt, the New Bright Belt, the Middle Belt, and the Old Bright Belt—all producing bright flue-cured tobacco—and the new Burley, air-cured, belt in the mountain area.

Detailed descriptions are given of 101 different jobs performed by workers in planting, cultivating, stripping, curing, marketing and processing leaf tobacco. Some of these job descriptions had not been covered previously in the USES Dictionary of Occupational Titles. Approximately 86 percent of all workers engaged in processing tobacco are classed as unskilled, although they have developed forms of dexterity which might be utilized in other types of work. The remaining 15 percent embrace, in this order: skilled, service, semi-skilled, clerical and professional, managerial and technical workers.

A large number of these workers are seasonal, their periods of employment ranging from 16 to 20 weeks during the year. The study is for the purpose of trying to find work suitable for them during the remaining period of unemployment. Many of them are farm workers, of course, while others engage in domestic work. Large numbers, however, are left with no suitable regular work. Many draw unemployment benefits and perform odd jobs during more than half of the year.

Further efforts will be made by the USES in cooperation with other agencies toward getting industry to develop jobs which will utilize more of the time of these seasonal workers.

As of August 1, North Carolina had 12,586 covered employers, an increase of 32 percent over the 9,525 covered employers in 1938, and 540,000 protected employees, or an increase of 25 percent over the 431,000 protected employees in 1938.

CHANGES IN COVERED EMPLOYMENT 1939-1942-1944

(Continued from page 40)

drain of the Selective Service. Much of it was caused by the substitution of machines for hand labor when the minimum wage and hour law went into effect, and affected mostly leaf processing plants owned by subsidiaries of the manufacture. Then, too, the process of industrial reclassification pulled out from this group many independent tobacco dealers operating processing plants, the wholesale group. These are now listed with trade.

Lumber and Timber. The basic timber industry, logging and sawmills, was greatly augmented by war demands. Employment increased in 1942 by 35.4 percent over 1939, but the draft, and more attractive wages in industries more directly associated with war activity, pulled employment down by 1944 to 16.2 percent above 1939.

Paper and Allied Products. Employment in this group increased by 44.9 percent in 1942 over 1939, with a severe shortage of help still reported. By 1944 it had declined to 39.2 percent above the 1939 level.

Printing, Chemicals and Petroleum products all suffered a decline in employment as a result of withdrawals for military service and more essential war work, as did the manufacture of Stone, Clay and Glass Products.

Electrical Machinery, along with Ordnance and Shipbuilding, employment in this industry increased from virtually nothing in 1939 to 3,518 in 1944, while employment in the manufacture of machinery other than electric, increased by 65.1 percent in 1942, and by 60.4 percent in 1944 over the 1939 level.

Automobiles and Equipment. The increase in this industry was represented by truck manufacture under war contracts.

Transportation, Communication and Utilities. Employment increased in this group in 1942 by 39.6 percent over 1939 and by 1944 had increased to 46.4 percent, the greatest increase occurring in warehousing and truck transportation. The great increase in transportation other than water transportation of from 1,390 to 2,644 in 1942 and to 4,319 in 1944 represents employment in air transportation and taxi service. The increase in employment in Communication Service of 24.3 to 1942 and of 38.6 percent in 1944 inadequately reflects the increased load which this industry has carried. The same is true of Public Utilities in which employment increased by only 3.4 percent to 1942, and by 4.5 percent in 1944 over 1939, while in local Utilities employment declined by 25.0 percent through 1942, and by 35.0 percent through 1944.

Wholesale and Retail Trade. Despite rationing, and serious shortages in most all lines of consumer goods, national indexes indicate that there was a tremendous increase in the purchase of consumer goods during the war. This is borne out by an increase in trade industries of 12.8 percent to 1942 and of 20.8 percent to 1944, though some of the increase in full-service wholesale group is because of the transfer of many independent wholesale tobacco dealers from a manufacture classification to the Wholesale group. Employment declined among distributors and commission merchants in 1942, but by 1944 was 10.6 percent above 1939.

Automotive. Restriction on automobile production pulled employment in this group down to 26.1 percent below 1939 by 1942, and by 1944 it was 36.6 percent below 1939.

Finance, Insurance and Real Estate. There was a slight increase in employment in this general group up to 1942, but by 1944 employment had declined 6.7 percent. Attention should be called to the exceptional decline in covered employment represented by Insurance Agents. This was caused by an amendment to the 1941 law which provides that "The term 'Employment' shall not include service performed . . . by an individual . . . if all such service . . . is performed for remuneration solely by way of commission." This reduced coverage of insurance agents from 2,361 in 1939 to 293 in 1942, while at the same time employment among insurance carriers had increased by 65.4 percent over 1939 and by 45.8 percent in 1944.

Service Industries. Employment increased in those groups which were more closely related to war and the movement of troops such as hotels, personal and business services, trade schools, and engineering services, while employment declined in amusement and recreational establishments, medical and health services, law, and educational services, and nonprofit organizations, including fraternal and charitable organizations.

GREENVILLE PLAN

Some weeks ago a "Veterans Employment Week" was observed by civic organizations in Greenville and Pitt Counties in cooperation with the USES office to try to round up and uncover jobs for returning veterans.

The plan was so impressive that the State USES office asked for, received and sent out to all USES offices in the State copies of the little folder used in the campaign, promoted by Mrs. J. B. Spilman, USES manager and other members of her staff.

The attractive little folder effectively displayed on the front page this information: "Veterans Employment Week—These Civic Organizations of Pitt County—The Rotary Club, The Lions Club, The Kiwanis Club, The Woman's Club—Join the U. S. Employment Service in their appeal to the Employers of Pitt County to LIST THAT JOB!"

The appeal to the employers was "Let's Close that gap between the number of returned veterans and the number of suitable jobs listed with the United States Employment Service." The employer the worker and the community benefits if the employer will "List That Job."

Interest earned by and credited to the N. C. unemployment trust fund on deposit in the U. S. Treasury for the year 1945 was sufficient to pay 99.86 percent of all of the UCC benefits paid to eligible unemployed workers during that year.

Unemployment Insurance and the Retraining of Unemployed Workers

State employment security agencies and the Bureau of Employment Security have a vital interest in vocational education and training. This interest stems from the basic responsibility of the unemployment insurance program to facilitate the taking of jobs by unemployed persons. Aiding the speedy return of claimants to full-time employment is complementary to the job of compensating a portion of claimant's wage loss.

During the present reconversion period, it may be difficult to locate jobs for a considerable number of claimants whose peacetime skills have become obsolete or who have insufficient training for available employment opportunities. Training needs will not end with the reconversion period. Some persons thrown out of work during the transition to peacetime production will be jobless after the changeover has been completed. Thereafter many of the fractional unemployed will have to move into new activities such as residential construction, personal service, office work, and self-employment, as well as the new manufacturing employments which the advanced technology of the postwar economy will create. Although state agencies do not have primary responsibility for fostering and administering retraining programs for unemployment insurance claimants, they have not only a real concern in their development but also, in most states, a legal mandate to cooperate in steps to that end.

The points of contact of trainees with the state agency which are likely to introduce conflict occur when an agency tests the availability for work of a claimant in training or when the claimant is offered a suitable job. The basic questions are whether a person attending a vocational training course is, in fact, available for work and whether a trainee should be disqualified from benefits for refusal of work offers while attending the course.

RETRAINING NEEDS AND AVAILABLE SERVICES

The circumstances which appear to require a program for retraining displaced war workers during the reconversion are closely related to those which necessitated the large-scale war training program. The accomplishment of the huge job of manning our munitions industries with millions of new workers, despite an increasing manpower shortage, is a familiar story. The bulk of this added manpower came from other industries or were new entrants into the labor market. Critical shortages developed in certain skills, particularly in metal working and mechanical trades. This situation was met by spreading thin the trained workers who were available, by job breakdown, and by extensive in-plant and out-plant training programs. There was a very considerable expansion in skilled and semi-skilled occupations concentrated in a small number of industries and areas. Training was performed both by government agencies and by employers, with the emphasis shifting from the former to the latter as the war progressed.

Reconversion to civilian production is requiring large-scale occupational as well as geographical readjustments in the labor force. This process is giving rise to fractional unemployment of short duration and is also expected to result in an increase in the level of longer-term unemployment. The initial shock of these changes has been reflected in increased unemployment benefit loads. Many of the claimants have remained unemployed only a short time. On the other hand, there are those who will find reemployment more difficult.

Employment security agencies are concerned with the speedy return of these workers to full-time employment. Since many war workers were recruited from other industries, retraining courses to renew their former skills would increase their chances of getting a suitable job. These courses would be of the refresher type which are designed to help the worker "brush-up" on his old trade in a short time. A large number of war workers, however, were new entrants into the labor market who had no previous work experience. Many of this group who remain in the labor force will require retraining in some new occupation. Added to this group may be marginal workers forced out of peacetime industries by the competition of the more efficient workers returning to these industries. The retraining suited to the needs of these groups will be more basic and will consequently consume more time. If conditions such as those described materialize, retraining programs would do much to increase the mobility of labor and prevent the stagnation of manpower in occupations and localities where employment opportunities are decreasing.

Training needs will not be confined to the reconversion period. In the long run, a broad program of training and retraining would make possible a better utilization of the productive capacity of the nation and thus contribute directly to the development of a full-employment economy.

Retraining and Reemployment Administration—This agency was established in the Office of War Mobilization and Reconversion in 1944 and transferred to the Department of Labor in September 1945. It is charged with general supervision over the activities of all existing agencies (except the Veterans Administration) relating to retraining, reemployment, vocational education, and vocational rehabilitation. The agency is also empowered to confer with the state and local agencies in charge of existing retraining programs for the purpose of coordinating federal with state and local activities in this field.

Office of Education—Federal matching grants to states for regular vocational training programs of less-than-college grade conducted under the Smith-

Hughes and George-Deen Acts are administered by this branch of the Federal Security Agency. These peacetime programs were predominant until the advent of war training classes. Courses are held in the public schools as part of the regular school system. They are primarily designed for young people and provide vocational education in agriculture, trades and industrial subjects, home economics, distribution occupations and vocational teaching. Courses generally run from six to nine months and must generally be taken in the locality where the trainee resides. It appears that the burden of the retraining job during reconversion and after will fall most heavily upon these regular pre-war facilities.

Apprentice-Training Service—The Apprentice-Training Service in the Departments of Labor coordinates on-the-job training with the training services offered by other agencies. It develops and organizes plant training programs which may be supplemented by the training given by vocational schools. Since the objective is to develop all-round skilled workers, this program is limited in volume, and the courses require considerable time for completion.

Office of Vocational Rehabilitation—Grants to states for vocational rehabilitation are administered by this office of the Federal Security Agency. Services under this program are available to disabled civilians, including war-disabled civilians and merchant seamen, and to veterans with non-service connected disabilities. These services include vocational counseling and training, maintenance during training, and help in finding an appropriate job; as well as surgical and medical care, hospitalization, etc.

In addition to the programs enumerated above in which the Federal Government participates, mention should be made of the public schools, the colleges and universities with their extension and correspondence courses operated by many plants for their employees. These include schools of the vestibule type, as well as on-the-job training and formal apprenticeship programs.

OPERATION OF THE MICHIGAN PROVISIONS ON RETRAINING

The most advanced benefit provision relating to retraining contained in State unemployment compensation law is found in section 28 (f) of the Michigan law. As amended by the 1943 legislature it combines the following principles:

(1) Attendance at officially recognized courses is one of the several eligibility conditions. Thus, an unemployed individual may be declared ineligible unless he follows the directions of the agency to attend a specific training course.

(2) The Commission may maintain retraining programs. Thus, the Commission is legally authorized to establish free retraining courses under its own responsibility.

(3) Duration of benefits for trainees may be extended by not more than 18 weeks, notwithstanding the termination of a given benefits year; such supplementary benefits not to be charged to employers' experience rating accounts.

(4) Selection of recognized courses must be approved by local advisory councils with representation of both employers and labor.

(5) Retraining programs to be recognized have to be of a vocational character.

Experience with the Michigan training benefits is not conclusive since they became fully effective only after the conversion from peace to war production had taken place. The retraining provision was first enacted in 1939. It provided that the benefit-payment period of trainees might be extended at the discretion of the Commission to the maximum statutory duration, which at that time was 16 weeks. Under the 1943 amendment a maximum of 18 weeks of extended duration was added to the regular duration to which the claimant was entitled under the statute. Thus, a trainee claimant may receive regular benefits for from 12 to 20 weeks plus extended benefits for 18 weeks.

Altogether, between 200 and 300 claimants have drawn training benefits since 1939.

I. L. C. ON RETRAINING

In its 26th session held in Philadelphia in 1944 the International Labor Conference included on its agenda the topic "The Organization of Employment in the Transition from War to Peace." A special chapter of its report was devoted to "Training and Retraining." Among the proposed recommendations of the conference paragraphs 20-27 deal with the problems of training and retraining.

The proposed recommendations of the International Labor Office call for a national coordinated program of training and retraining to meet the needs of the economy, payment of appropriate training allowances or wages for the duration of training, payment of educational allowances to those who resume higher training or education interrupted by war service, provision for experienced vocational teachers and instructors and close association with guidance work, with the placement work of the employment service and with the training activities of the employers' and workers' organizations.

PERSONNEL CONFERENCE

Several USES-UCC State and local office personnel attended the Southeastern Personnel Conference held Aug. 22-23 at Duke University. Dr. Frank T. deVyver, who supervises Merit System examinationns, is secretary-treasurer. A temporary organization of personnel officials, largely in industry, was formed from which a North Carolina association is to emerge.

THE LAW IN ACTION

HOW LONG IS A "REASONABLE TIME"?

The Unemployment Compensation Commission of North Carolina believes that the worker who has worked in war plants in the state and out, as well as the veteran who in military service has acquired skills that he did not have two or three years ago, ought to be given a reasonable time within which to find a job calling for that skill, or to have the Employment Service find such a job for him. During this time our Commission thinks that he should draw benefits as provided by law. If it turns out that no such work is available and if the worker refuses to accept "suitable work", then benefits should cease.

To implement this belief, the Commission adopted the following statement of policy in September, 1945:

"Any person filing a claim for benefits shall be given a reasonable time within which to find work in his highest skill. No disqualification shall be imposed against said claimant for refusing to apply for or not accepting employment which does not employ his highest skill until he shall have been allowed a reasonable period of time in which to secure such work. In determining what is a reasonable period of time in such cases, due consideration shall be given to claimant's training, experience, period of unemployment, and prospects of securing work in his highest skill.

The question inevitably follows as to just what is considered a reasonable time in terms of a specific period.

Most state unemployment compensation agencies approached the problems of reconversion with an awareness of difficulties in placing workers in new jobs similar to those held during the war. Statements of policy, like that of North Carolina, were generally adopted. Our N. C. Commission, like most others, purposely avoided setting any definite time limit, that is to say a specified number of weeks, preferring to leave this matter to the discretion of experienced claims deputies, and appeals deputies, in handling individual cases.

For instance, take the case of a woman claimant who was employed during the war as an airplane inspector. That job is listed as her primary occupation. Her secondary occupation as given is that of waitress. She has come home to a small city which does not have an airplane manufacturing plant. It cannot be known immediately what her chances are of obtaining new employment, at the wage level of an airplane inspector in a job of a similar nature. It would be easier to apply a definite rule in such cases and overlook the inequities which might ensue. Yet without more detailed knowledge of both the claimant and her community, such as a claims deputy is in position to secure, it is hard to say how long she should be paid benefits while trying to find a job in a higher classification, before being disqualified if she turned down an offer of a position as a waitress.

The State of Illinois has set up as a guide the following: "The **minimum** length of the period depends on the nature of the claimant's customary occupation. For skilled workers, it is 10 weeks; for semi-skilled, it is 8 weeks; and for unskilled, it is 6 weeks."

Canada issues the statement: "Each claimant will be permitted two weeks from the date of his claim in which to find employment which is satisfactory to him. At the end of this period, if the claimant is not willing to accept employment in other than his usual occupation at the going rate of wages for that occupation . . ." he becomes subject to disqualification.

New York has issued the following memorandum without referring to the time element:

SUITABILITY OF OFFER

The right to unemployment insurance benefits must be determined in accordance with the provisions of the law. The Law states that a person who is unemployed shall lose his right to benefits if he: "refuses to accept an offer of employment for which he is reasonably fitted by training and experience . . ." However, he may refuse a job and still receive benefits if: ". . . the wages or compensation or hours or conditions offered are substantially less favorable to the claimant than those prevailing for similar work in the locality, or are such as tend to depress wages or working conditions. . ."

The major problem at this time is—when does a job reasonably meet the claimant's training and experience? The problem is not altogether new. When we went from peace to war, many workers were unable to find work which they had been doing and which utilized their highest skills. In dealing with their claims to benefits, we had to fit them fairly into the available work. Now we must deal with many people, who, having in the past performed unskilled or semiskilled work, acquired new and higher skills in war industries. With these industries shutting down, such people must in turn be fitted fairly into the jobs now available.

Over the years, a body of principles has been developed in the course of paying unemployment insurance benefits under varying economic conditions —the serious unemployment in 1938-39, the transition to a war economy, the conditions of full wartime production. These principles are sufficient to guide us through the present period of reconversion.

A. TRAINING AND EXPERIENCE

1. Under the Law it is the claimant's own training and experience which control in determining the suitability of the job offer. (a) The fact that an employer is willing to hire the claimant is not enough by itself to make the job offer suitable. (b) The fact that the job requires so little specialized skill that almost anybody can fill it does not make the

offer suitable for a claimant with specialized training or experience at higher skills.

2. Where labor market conditions show no reasonable prospect for employment at the claimant's top skills, it is proper to offer him jobs utilizing his closest comparable or related skills. (a) Benefits must not be denied on the basis of haphazard referrals of claimants; there must be assurance of a careful fitting of the claimants' training and experience with the requirements of the jobs that are open. (b) Effective matching requires that the claimants with less skills be referred to jobs calling for lesser skills before such offers are made to the claimants with the higher skills. (c) A claimant should not be denied benefits on the basis of a referral to a job calling for less than his top skill if there are claimants with such lesser skills available for referral to the job. (d) Where there is evidence that the job offer is designed by the employer to downgrade, the job offer is improper.

B. WAGES

1. Where the work offered is reasonably suited to the claimant's training and experience, the offer is proper when it is made at the wage which prevails for similar work in the locality. (a) The fact that the job offered pays less than the claimant earned at his former employment does not necessarily make the offer unsuitable. (b) The fact that the job offered affords lesser opportunities than did the claimant's former employment for added earnings by way of overtime or special bonuses does not make the offer unsuitable. (c) Where different rates prevail for the occupation which is offered, depending on skill and experience, the offer, to be proper, must be at that rate which fits in with the claimant's training and experience.

2. Where there is evidence that a job is offered at a wage which is designed to depress wage rate standards, the job offer is improper.

These are the general principles which should control. The primary responsibility for the proper matching has been done adequately and fairly in accordance with the Law must in the first instance be determined by the personnel in the local insurance offices who pass on the claims for appellate procedures provided for by the Law.

CHISELERS AMONG VETERANS RECEIVING READJUSTMENT ALLOWANCES

Every program designed to meet public needs will find chiselers, but members of the Unemployment Compensation Commission which is handling readjustment allowances for veterans in North Carolina rejoice in the fact that while many veterans were receiving altogether millions of dollars, few ex-soldiers are apparently tempted to take an illegal advantage.

There was the case of a veteran who started claiming readjustment allowances of $20 a week to which he was entitled while he was looking for a job. However, after he found a job and began working for the City of Asheville, he continued to file claims for the allowances, reporting his earnings as being only $19 over a period of weeks when in fact he had earned $508.00.

There are penalties for fraud where veterans claiming unemployment compensation benefits, wilfully fail to report true earnings so that they may continue to draw weekly checks as unemployed persons. The section of the G. I. Bill on this reads: "Any claimant who knowningly accepts an allowance under this title." The Federal law also has a further penalty provision that anyone who makes a fraudulent claim or obtains an allowance improperly with intent to defraud shall be fined not more than $1000 or imprisoned for not more than one year, or both. For any action that might be taken under this section, the Commission forwards the case record to the Veterans Administration.

Readjustment allowances are provided to carry veterans over periods, following their discharge, while they are looking for suitable work that they may not find immediately—or to self-employed veterans when their monthly net earnings may be less than $100 before they become fully established. The G. L. Bill does not contemplate continuing the payment of allowances to veterans after their "readjustment", as far as employment is concerned, is completed.

It is illegal for any veteran claiming a readjustment allowance, or anyone claiming unemployment compensation, to knowingly fail to report earnings. Tracking down those persons who obtain money payments through fraud and misrepresentation is one of the responsibilities of the Commission's claims agents throughout the state. Through 1945, only one veteran turned out to be a chiseler.

K. A. Peoples, Raleigh, was found guilty of violating the Unemployment Compensation Law by filing claims and receiving benefits of unemployment compensation for 12 weeks while fully employed, and was sentenced to 12 months on the roads by Judge Paul Smith in Raleigh City Court.

Peoples was found guilty of filing claims and drawing $18.50 a week for 12 weeks while drawing $35 to $37.50 a week for work in a groceriteria. David G. Ball, UCC claims deputy, brought the charge and his evidence was corroborated by the groceriteria operator.

Judge Smith's sentence requires road work for two months, the remaining ten months' sentence being suspended on condition that Peoples reimburse the UCC for the $203.50 unlawfully received, and remain on probation for five years.

NOTES ON U. C. C. OPERATIONS

INDUSTRY TURN-OVER IN NORTH CAROLINA

During the war period there was a considerable amount of industry turn-over, much of it occasioned to war production. Many small plants pooled their equipment and personnel under a reorganized unit in order to be able to take on war contracts. Some larger plants were completely reorganized, while approximately 50 entirely new plants were established solely for war production. On the other hand, the termination of the war has seen the retirement from coverage of a number of firms in the latter category, such as contractors, engineering firms, munitions and aircraft plants.

During the year July 1, 1944 to June 30, 1945 industrial births, which include reorganizations, brought 1029 employing units under coverage, representing 30,306 workers distributed among 52 different types of industry. During the same period 1120 units retired from coverage or had coverage terminated under the provisions of the law. Those firms employed 50,683 workers. The reasons for retirement are given in the table which shows the activity by calendar quarters. More than a third of the firms and nearly half of the employment are included in the category "Ceased operation in the State." More than a third, both of employers and employment, are in the groups in which the business was sold or reorganized.

Industry turn-over was greater during the period 1944-1945 than for either of the two preceding years. Since July 1, 1942, 2875 employing units representing 123,377 workers have been placed under coverage, and during the same period 2989 units have retired from coverage, with employment of 101,566.

The following summary shows the reason for retirement for the 2989 firms which have retired since July 1, 1942.

Reasons for Retirement	No. Units	Employment
Ceased Operation in State	960	39,821
Merged with Covered Employer	90	3,136
Moved to Another Area	27	1,408
Liquidated	216	7,489
Seasonal Close Down	7	45
Coverage Terminated	541	6,000
Business Sold	573	18,735
Business Reorganized	454	17,439
Other Reasons	121	7,493
Total	2,989	101,566

Industrial Character of Turn-Over

From the standpoint of employment it will be seen that the greatest volume of war coverage occurred in textiles and saw mills, while in retirements construction (contractors other than building) led as to employment in the number of accessions. This is because of the large number of portable mills which move from one area to another as they exhaust the local source of timber. Each change of location across county lines is reflected in departmental statistics by the report of a retirement and an accession when new account numbers are assigned, although ownership and employment may remain identical.

Turn-over was particularly high among restaurants and cafes, also in the group which included laundries, dyeing and cleaning plants.

Retirements were heavy in the mining group, in wholesale, brick yards and cement products, food processing, and truck transportation, the latter being due to the reorganization of a number of truck lines under the name of Associated Transport, Inc.

The consolidation of the Postal and Western Union Telegraph Companies under the name of the latter is responsible for the inclusion under "Retirement" of 2975 workers employed in 35 branches of the former.

UNEMPLOYMENT TRENDS

The trend of unemployment, with the passing of the spring seasonal lay-off period is now downward, as indicated by a decline in initial claims in May, 61.86 percent of which were for women workers. However, the cumulative effect of these lay-offs is reflected in an increase in the number of continued claims over April, or an increase in the number of weeks compensated of 10.96 percent, and an increase in the amount of benefits paid of 20.99 percent.

Readjustment allowance payments also increased over April with the payment of nearly $2.5 million to about 25,000 veterans, in addition to 24,954 claims filed for self-employed benefits.

Readjustment allowance payments amounting to $2,415,830.00 were made to unemployed veterans during May, 1946. May payments were greater than any prior month.

During May the number of veterans receiving payments averaged 21,934 per week.

READJUSTMENT ALLOWANCES—UNEMPLOYMENT COMPENSATION

1945	Readjustment Allowances		Unemployment Compensation	
	All Initial	Payments	All Initial Claims	Payments
January	504	$ 75,755.00	1,979	$ 27,546.50
February	417	59,705.00	1,125	24,220.00
March	518	72,080.00	1,119	32,534.00
April	435	65,359.00	956	30,233.00
May	512	67,499.00	1,548	34,183.00
June	624	71,806.00	1,116	40,054.00
July	796	82,703.00	1,954	44,791.00
August	1,050	94,031.00	7,153	55,070.00
September	1,680	124,545.00	7,190	283,052.00
October	3,587	213,825.00	5,961	427,938.00
November	4,312	293,456.00	4,921	421,746.00
December	6,036	488,892.00	4,305	418,770.84
Total	20,471	$ 1,709,648.00	39,327	$ 1,840,137.00
1946				
January	14,466	$ 882,887.00	6,828	$ 374,587.00
February	13,385	1,354,997.00	6,365	259,778.50
March	14,118	1,959,159.00	8,022	367,119.00
April	14,884	2,132,640.00	8,067	439,741.00
May	13,715	2,415,830.00	7,454	531,855.00

The daily mail brings to the UCC Claims Department bundles of veterans' claims for allowances filed with the local employment offices throughout the State

VETERANS CLAIMS AND APPEALS

Not all veterans of World War II who file claims for Servicemen's Readjustment Allowance under the G. I. Bill of Rights are eligible for these allowances.

For example, of the 14,013 determinations made on New Veterans' Claims in May, 507 were held to be eligible for payment only after disqualification for a specified number of weeks, while 587 were held to be ineligible for payments. Martin reports that 12,919 of the claims were held eligible for payment in due course.

Of the weekly average of 27,704 continued claims of veterans disposed of in May 26,964 were certified for payment and 740 were not certified for payment.

Of these, 118 were disqualified for various periods, 228 were held not available for suitable work, 67 were not able to work and 327 claims were not allowed for various other legal reasons.

Disqualifiations are penalties imposed for a specified number of weeks, ranging from 1 to 13 weeks. These penalties are imposed for voluntarily quitting suitable work, and labor disputes. None were disqualified for participation in labor disputes in May.

Even though 62,099 of North Carolina's 279,584 discharged World War II veterans filed claims for Servicemen's Readjustment Allowances from the beginning of the program in September, 1944, through April, 1946, only 45 of those veterans appealed from decisions of the Appeals Deputies of the Unemployment Compensation Commission.

This record is considered unusual since of more than 160,000 claims investigated and determined on lower levels the Appeals Deputies have disposed of 712 appeals made them from the lower level by veterans.

Of the 506 cases in which the Appeals Deputies made decisions during the 11 months up to and including those of April, 1946, claims were allowed in 166 cases, veterans were disqualified for specific periods from receiving allowances claimed in 76 cases and 264 veterans were denied benefits entirely.

Of 264 veterans who were denied benefits, 22 cases involved suitable work, 24 had voluntarily quit their jobs without good cause, 12 were guilty of misconduct on the job, 217 were not actually available for work, 120 were found not able to work and 61 were denied benefits for other reasons.

Review of the Report of the Technical Staff Appointed to Study the Social Security Law

The Social Security Technical Staff, employed by the House Ways and Means Committee to make a study of the whole Social Security Act, has turned out a volume of 742 pages which ananlyzes exhaustively all phases of Old Age and Survivors' Insurance, Public Assistance and Unemployment Compensation.

Dr. W. R. Curtis, former Director of the Unemployment Compensation Commission of North Carolina and its Acting Chairman during the absence of Colonel A. L. Fletcher on military leave, was a member of the Technical Staff, having been given temporary leave by the Employment Security Board to assist in the study which contains the same evidence of thoroughness that characterized the work of Dr. Curtis while with the North Carolina Commission.

Only that phase relating to Unemployment Compensation can be touched upon here. The Staff, while making no specific recommendations, pointed out by analysis many ways in which both the Federal Act and the many state Acts, which so differ from state to state, could be improved by a compromise here and there in the interest of greater uniformity, both in administration and in protection for the worker.

The general impression to be had from such analyses, is that this improvement could be achieved without federalization of the program, or any important sacrifice at the state level.

On the subject of the benefit structure, the Staff points out that at the state level the trend has been toward liberalization, and restrictive only as to structural elements which involve eligibility conditions and disqualifications, although such liberalization has been so lacking in uniformity as to bring forth criticism from many quarters. At the same time it concludes that "To place benefit requirements, either specific or general, in the Federal Act would represent a departure from the system of unemployment compensation as recommended by the Committee on Economic Security, and as contemplated by Congress when it passed the Social Security Act in 1935." It continued, however, "The Committee recognized that experience might indicate modifications to be necessary and desirable, and recommended that it be expressly provided in the Federal Act that all states must include in their statutes provisions to the effect that those acts shall not be deemed to create any vested interests preventing modification or repeal."

The study devotes 40 pages to the subject of coverage, recognizes the administrative difficulties in connection with the coverage of agricultural and domestic workers, and that the question of coverage for state and local government employees is essentially a state matter, although it points out that "The administrative feasibility of covering small employers has been demonstrated by the experience of the old age and survivors' insurance system and by the experience of state unemployment compensation agencies which have administered laws applicable to such employers. "On the contrary," quoting from the N. C. U. C. Quarterly, "several states emphatically point to beneficial economic results."

"Continuation of the size of firm exclusion" the study continues, "cannot be justified, therefore, on the ground of administrative difficulty. Nor can the exclusion be justified on the ground that the services performed by workers in small firms are different from the services performed by workers in larger firms. The exclusion is based solely on size-of-firm and not on nature of employment."

It appears from this study that while approximately 44 million workers are covered, more than 12.5 million workers have no protection against temporary unemployment. These, according to the report, include 173,000 maritime workers, 2.5 million agricultural workers, 2.3 million domestic workers, 1 million workers in non-profit organizations, 3 million employees of state and local government and 3.6 million federal civilian employees.

Considerable emphasis is laid on the principles involved in financing unemployment compensation in view of past disagreement and conflicting views concerning both administrative and benefit financing. The pros and cons of the present system are fully discussed, as well as alternate methods such as formula grants, by which grants to individual states would be governed by statutory formulas; also grants in aid similar to the public assistance programs, as well as a system of 100 percent state financing, by which the states would collect 100 percent of the tax instead of the present 90 percent, and use the additional .3 percent for administrative financing. The report concludes with the statement that "no feasible formula for federal grants has been brought to the attention of the staff. Accordingly, modification would seem to be limited to the approach of turning over to the state legislatures and state fiscal-control agencies the determination of expenditures for state unemployment compensation administration.

As to benefit financing, the conclusion is reached that, "even if every State had the same benefit structure, benefit costs would vary widely from State to State; that a tax rate which would support a very liberal benefit structure in one State would only support a very limited one in another State." The conclusion reached is that all states do not need to collect taxes at the same rate, and that, if unemployment compensation is to remain on a state basis, some provision shall be made to permit states to

limit tax collections to the amounts necessary to meet their benefit structures.

Pointing out the national interest in unemployment compensation, the Staff reviews the reasons for complete federalization as given by its advocates. These include (1) uniform treatment of workers; (2) greater assurance of solvency; (3) equitable treatment of interstate workers, (4) simpler and more economical administration (5) a better delationship with other programs. The arguments for placing primary responsibility in the States are also briefly reviewed. These include (1) greater opportunity for experimentation (2) adaption to local conditions (3) decentralized administration (4) prevention of centralized control.

The report makes the observation that some of the advantages claimed for a federal system could be achieved within the basic structure of the present federal-state system through the incorporation in the existing system of provisions designed to accomplish greater uniformity in coverage, benefits, administrative procedures and methods of financing benefits. Likewise, some of the advantages claimed for the federal-state system could be achieved under a federal system. "The issue involved," concludes this section, is, "whether conditions of such compelling importance exist as to require that a "going" system be wiped out and another system substituted for it. Following this a number of possible modifications to the present law are discussed.

The impracticability of the present relationship between the Employment Service and the Unemployment Compensation Agencies, the functions of both of which are intimately connected and interdependent, is pointed out with a reference to a similar condition which existed in the early years of the program, and which led the President to recommend unification of the two programs under the Social Security Board in 1939.

Experience rating is also touched upon with the suggestion that the requirements now in the federal law, which the provisions of state laws must meet, be reexamined so as to give the states more freedom in selecting the type of experience rating system wanted, opening the way for a tax rate lower than the standard 2.7 or a flat-rate reduction to all employers.

So far, no action has been taken by either branch of Congress embodying any of the progressive suggestions developed by this important study.

S.F.C.

An Appraisement of North Carolina's Unemployment Compensation Program

By Hugh M. Raper, Bureau of Research & Statistics, U. C. C.

At the onset of what is generally expected to be a period of expanding unemployment it is well to view the unemployment compensation program and see how well it is adapted to fulfill its proper function.

The criteria for measuring the adequacy of the program can best be judged by asking the questions: Who does it protect? How much protection is provided? And, what, if any, are the limitations placed on the payment of benefits to individuals in an unemployed status?

Consideration of these questions involves a study of four aspects of the program as follows: Adequacy of coverage provisions: Soundness of its financial structure; duration of the benefit payments provided eligible workers during any period of unemployment they experience while seeking new work; and, the degree to which benefit rights of workers are affected by disqualifications which bar benefits to workers experiencing involuntary unemployment.

Although adequacy is a subjective idea, measures of adequacy are fairly constant and are the means by which the public, industry, and labor can best offer suggestions for the program's improvement. It is with this thought in mind that the following comments are offered on the above named aspects of the program.

COVERAGE OF NORTH CAROLINA'S UNEMPLOYMENT COMPENSATION ACT

A comparison of the number of workers protected by the unemployment compensation program in 1942 with the working population of the State in 1940 reveals that approximately 51 percent of the State's gainfully employed workers were without coverage. Excluding those in our 1940 working force who were engaged in agriculture, it appears that approximately 36 percent of the remaining non-agricultural working force lacked unemployment compensation protection in 1942.

It should be borne in mind that in the above comparison that 1942 employment figures reflect the shift of considerable labor that normally is agricultural to employment covered by the unemployment compensation program.

Another factor that measures the adequacy of coverage is a comparison of all wages and salaries with total wages and salaries of covered workers. Of all wages and salaries paid during 1943 in North Carolina, 42 percent were paid to workers outside of the scope of unemployment compensation coverage.

The most immediate solution to the problem of widespread exclusion is to extend the coverage provision of the law since those workers employed by firms in covered industrial classifications but having fewer than eight workers are excluded from the provisions of the law except for a relatively small number whose employers have elected coverage. This is one of the most important groups without coverage, and one to which insurance protection could most readily be extended. It is estimated that this group numbers some 80,000 workers. Extending coverage

to them would increase the total of covered workers by 14 percent, bringing it up to a total of over 671,-391. It would also increase the number of covered employers from 10,718 to a total of above 35,000.

In setting its field of coverage it was only natural that North Carolina, like most other states, would follow the taxing provisions of the Federal Act which limits coverage to employers of eight or more. To maintain this coverage provision indefinitely, however, when other states are adjusting coverage provisions to fit social needs does not indicate progress. By the middle of 1945, 29 states, with two-thirds of the covered workers, had coverage provisions for fewer than eight workers; 16 of these states, with 29 percent of the covered population, gave protection to workers of employers of one or more. This means that over 80,000 North Carolina workers employed by firms having from one to eight employees are without the protection that is provided the same type of worker in 16 states having coverage of one or more, and to a lesser number in 13 additional states with coverage provisions including firms employing fewer than eight.

A comparison of the coverage provisions of the Unemployment Compensation Act with the Workmen's Compensation Act, shows that the latter has broader coverage provisions with respect both to size of firm and to industrial groups. Whereas workmen's compensation coverage included employment when five or more employees are regularly employed in the same business or establishment (except sawmill and logging operations for which less than 10 are employed) for less than 60 days in a year, unemployment insurance is limited to employers of eight or more in 20 weeks in a calendar year. Whereas workmen's compensation excludes only agricultural, domestic service and federal government workers, unemployment insurance also excluded state, county, and city employees, workers for non-profit institutions and others who have protection under the Workmen's Compensation Act.

FINANCIAL ASPECTS OF THE NORTH CAROLINA PROGRAM

Important as an adequate coverage of workers is in an effective program, it is not nearly as important as the question of whether the unemployment program is financially sound.

The fact that North Carolina had on July 1, 1945, nearly $105 million available to meet possible demands for payments to eligible workers is not in itself a proof of the propriety of the financial aspects of the program since the size of the fund could result from any one or a combination of the following three factors: (1) Favorable employment conditions prevailing since January 1, 1938; (2) Use of a rather conservative benefit schedule for determining the amount of benefits for a week of unemployment; or (3) It may result from a more conservative experience rating provision than is found to be the average of the country.

(1) With respect to the first of these possible explanations a general statement to the effect that employment conditions in North Carolina are not unusual in that it has its quota of seasonally employed workers, viz., seasonal employment in tobacco stemming, fertilizer and vegetable oils, and construction fields. It has, too, a considerable proportion of relatively stable industries such as furniture, tobacco manufacturing, wholesale and retail trade, etc., to counteract, in fact, the overall effect of this instability.

(2) Seemingly, it would be easier to attribute the sound financial condition of our financing to the amount of benefits allowed eligible workers for a week of unemployment. In 1944 the average weekly payment to a totally unemployed worker in North Carolina was only $8.17 in contrast with a national average of $15.90, or expressed as a percentage North Carolina's payment was 51.4 percent of the average payment for the nation. The somewhat more liberal schedule adopted in March, 1945 by the General Assembly should result in some improvement in North Carolina's relative standing. By June 1945 the ratio had changed from 51.4 percent to 53.2. As of August 31, 1945, the average amount of the 1945 payments had risen to $9.79 with the month of August having an average payment of $11.25 for a week of total unemployment.

When viewed from another angle, the adequacy of the benefit schedule in North Carolina's Act is not far out-of-line with that of the nation. In 1943, the average annual salary-wage rate for employees covered by the North Carolina Act was $1,376 as compared with a national average of $2,135. In other words, North Carolina's average salary-wage for this group was 64.5 percent of the national average.

Since wages earned in the year 1943 were used in most instances as base period wages for individuals receiving benefits during the January-June 1945 period, it is reasonable to apply the 64.5 ratio in making a benefit payment comparison. The average weekly payment for total unemployment in this period for the nation was $16.999 and for North Carolina it was $9.04. Using the 64.5 percent wage ratio, the North Carolina payments to fall in line with the national average should have been $10.95 instead of $9.04. The $10.00 average for the month of July and the $11.25 average for the month of August indicate considerable improvement in North Carolina's standing in this respect and it is possible by the end of the year 1945 that the North Carolina average payment may equal or exceed 64.5 percent of the national average.

(3) The third factor, experience rating in North Carolina, in its effect on the financial structure is much more discernible.

For 1944, the average employer rate for the nation was 1.8 percent as compared with the 2.7 percent standard rate. In North Carolina the average rate was 2.4 percent or .6 percent above the national average.

The .4 percent average rate of the District of Columbia is "the nation's lowest"; nine states had no provision for reducing rates from the standard 2.7 percent figure.

Only 53.0 percent of North Carolina's rated accounts received a reduction as compared with 84.5

percent for the nation as a whole. Idaho with only 47.8 percent of active accounts with reduced rate was the lowest; Alabama with reduced rates assigned to 99.2 percent of its active accounts was highest.

The reduction in revenue as a result of experience rating in North Carolina in 1944 amounted to 11 percent as compared with 42 percent reduction for the 42 states with experience rating effective.

Though contribution rates in North Carolina have not decreased as rapidly as in some other states, it is also true that in the event of sizeable unemployment during the post-war years, with resulting declines in payrolls and rising benefits payments, the average tax rate in North Carolina, with its reserve-ratio plan, will experience little increase in rate and that increase likely will be moderate and gradual. In this sense, North Carolina is in a relatively favorable position with regard to its fund balance.

To generally sum up the factors that explain North Carolina's healthy financial condition and its ability to meet the demands to be made on the fund in the years to come, one must conclude that (1) employment opportunities in the State are varied in nature, and generally of a stable character; (2) the average payments made to a totally unemployed worker for a week of employment in the past have been below the position North Carolina holds in relative earnings of its workers; and (2) that rate reductions to employers in North Carolina have been moderate comparatively speaking.

DURATION OF BENEFITS

The best test of the adequacy of the 16-week maximum duration provision in the unemployment compensation law is the proportion of beneficiaries who exhaust their benefit rights. In 1941 this exhaustion ratio was 43.4 percent; in 1942 it was 43.7 percent; in 1943, 38.2 percent; and in 1944, 31.8 percent. Almost three-fourths of such exhaustions were by claimants receiving less than $10.00 as a weekly benefit amount.

The ratios of exhaustions in other states having flat durations range from 27.1 percent in Maine to 60 percent in Montana in 1941; and, from 14.1 percent in Hawaii to 74.8 percent in Louisiana in 1942. In the earlier year, 16 states had higher exhaustion ratios than North Carolina, and 30 had lower ratios.

DISQUALIFICATIONS

As a measure of the number of workers who are affected by disqualification provisions in the law and the ways in which they are affected, statistical records show that during the last four years, disqualifications have been imposed in an increasing proportion of instances. In 1941 the proportion was less than one percent; in 1944, it was 4.35 percent. (The proportion of **claimants** disqualified would be much higher than the proportions shown here.)

During the first half of 1945 almost 80.0 percent of the disqualifications were imposed with respect to voluntary quits or refusal of suitable work.

CONCLUSION

The Unemployment Compensation Commission of North Carolina feels that it has planned wisely, and that it can face any normal calls that may be made on it by the unemployed workers of North Carolina. Some satisfaction arises from the fact that all of the covered workers could receive from funds on hand for 16 weeks the average payment now being made to the unemployed workers.

Current Business Trends—Review of 1945

BUREAU OF RESEARCH AND STATISTICS, UNEMPLOYMENT COMPENSATION COMMISSION

(The North Carolina Business Index is issued monthly by the Bureau of Research and Statistics of the Unemployment Compensation Commission. Readers will be interested in referring to the article on **North Carolina Business Trends** carried in the Summer 1945 issue of the Quarterly. Vol. 3, No. 3, pp. 79-83.)

The much heralded post-war decline in industry did not materialize in North Carolina. Despite labor and inventory shortages, with continued restrictions, and the hesitancy of producers to supply the market under price control, the period since V-E day has been 73.50 percent above the 1935-1939 average, with January 1946 83.98 percent above. There was a brief sag in September, 1945 when the composite index dropped from 177.32 to 161.75, and again in December when it dropped from 177.53 to 162.45, but the loss was more than regained in January, 1946.

Expansions in North Carolina industry made or committed during 1945 involved an investment of $50 million for 225 factories which are expected to provide a payroll of about $21 million. Additions to 162 plants involving an expenditure of $36.5 million are expected to increase payrolls by $25.5 millions.

The expansion includes the establishment of 78 textile plants in the State, with additions to 73 plants, the addition of 65 food processing plants, and 36 furniture plants, all of which have been or will be completed as material and labor become available.[1]

The combined index of the general business level in 1945 is 171.98, or 8.51 percent above the index for 1944, based on the 1935-1939 average. The trend index of 148.66 is 5.93 percent above the similar index for 1944.

In volume, all series except textiles and cement shipments maintained a higher level than in 1944. War gains were most significantly reflected in 1941 when increases in construction, and industrial production brought the index from 121.88 in 1940 to 162.89 in 1941| It has remained near that level since, 165.83 in 1942, 165.62 in 1943, 158.30 in 1944, and 165.25 in 1945.

[1]From data accumulated by the N. C. Department of Conservation and Development.

By 1944 a downward trend was in evidence in textiles, in electrical energy production, cigarette production, in construction, cement shipments, and furniture shipments, but the trade and finance series continued upward. Gasoline sales increased, as did bank debits, life insurance sales, department store sales and postal receipts.

These indicators have continued upward throughout 1945, and while textiles declined further in 1945, electrical energy production increased, due apparently to enlarged demand for currents to be transmitted across state lines, and was 12.00 percent above 1944 with 4,960,590,000 KW-hours. The 1945 index is 131.84 percent above the 1935-1939 average.

Cigarette production increased by 28,311,000,000 cigarettes, or 11.83 percent, and the 1945 index is 86.00 percent above the 1935-1939 average.

Despite textile declines, cotton consumption in 1945 amounting to 2,409,722 bales, was 40.71 percent above the 1935-1939 average; spindle hours 44.02 percent above, and hours per spindle in place, 49.46 percent above.

Gasoline sales were 22.67 percent above 1944 with 453,576,000 gallons, an increase of 83.8 million gallons, and the 1945 index is 31.09 percent above the 1935-1939 average.

Bank debits in the seven reporting centers increased by 9.21 percent, and the 1945 index is 133.35 percent above the 1935-1939 average.

Construction contracts reached $80,564,000, a gain of $24,371,000 or 75.96 percent, and the index for 1945 is 50.36 percent above the 1935-1939 average.

Cement shipments reflected the letdown in war construction by a decline of 1,453,570 barrels, or 51.56 percent, and the 1945 index is 3.87 percent below the 1935-1939 average.

Ordinary life insurance sales, which have been on a decline throughout the trend period, 1923-1940, took a sharp upward turn at the beginning of the war. Sales in 1945 of $168,125,000, represented a gain over 1944 of 25.31 percent and the 1945 index is 74.65 percent above the 1935-1939 average.

Department store sales, based on monthly relatives[1] were 20.01 percent above 1944, and the 1945 index is 111.80 percent above the 1935-1939 average. Much of this increase, however, is the reflection of increased prices.

creased by only 0.65 percent over 1944, and the 1945 index is 73.37 above the 1935-1939 average. Declines in the cities of Durham, Wilmington and Winston-Salem reflect significantly the offset of war contract cancellation and demobilization at or near these points.

Both employment and payrolls are at lower levels than in 1944; employment in "all industries" by 9.83 percent; payrolls in "all industries" by 5.71 percent; employment in "manufacture" by 9.91 percent; and payrolls in "manufacture" by 4.95 percent. The 1945 index of employment "all industries" is 0.61 percent below the 1935-1939 average; payrolls "all industries" 83.16 percent **above** the 1935-1939

Postal receipts in the seven reporting centers in-

[1]Dollar volume data not available.

average; employment in "manufacture" 1.54 precent above, and payrolls in manufacture 69.26 percent above. It may be seen, therefore, that total wages paid have increased more, and are at a higher level, with reference to the 1935-1939 average, in "all industries" than in "manufacture" alone, while the reverse is true as to employment.

Although 1945 brought improvement over 1944 the general level is below the peak war years, as indicated by the composite index ratio to trend of 148.66 in 1945, as compared to 150.59 in 1943, 156.44 1942, and 157.49 in 1941. It is considerably above the prewar level, however, as indicated by an index of 119.70 in 1940, 110.91 in 1939, 95.08 in 1938, 107.22 in 1937, 102.44 in 1936, and 90.44 in 1935.

Since employment and payrolls are at a lower level than in 1944, the validity of the higher 1945 combined index may be questioned. An examination of the trend tables will disclose that the improvement has come largely from increased spending, as reflected by the trade and finance indexes, together with an increase in construction contracts let, the larger part of which remains to be completed, and which should be reflected in increased employment as when labor and material become available.

If the Civilian Production Administration stop-order on construction other than housing is made effective, by which industrial and commercial construction may be limited to $15,000, North Carolina industry will be seriously retarded during 1946, and the construction workers of the State may get no benefit from the $22.8 million construction contracts let during November and December for another year. Only street and highway construction, which do not draw upon house materials will escape the restricting effect of this stop-order.

The recent sale of a score of North Carolina textile plants to Northern capital should be a signal to North Carolina to press for a removal of the wage differential that for years has kept the North Carolina worker behind the eight ball, and which has been responsible for the loss of 262,000 North Carolinians to other states since 1940.

The wage level, including overtime and longer work-week has been raised by 92.40 percent since 1940. This increase has benefitted mostly construction workers with an increase of 119.57 percent, and workers in manufacture with an increase of 76.30 percent. It has not been equally beneficial to workers in transportation, communication, trade, finance and service industries, in many of which wages are only about 15 to 20 percent higher than in 1940, and the average is still about 36.00 percent below the national level just as it was in prewar days.

Any opinions expressed herein are those of the author and do not necessarily reflect the views of the Commission.

*Data from which indexes are constructed were taken from the reports of the Federal Reserve Board, Bureau of Census, Federal Power Commission, Bureau of Mines, Survey of Current Business, United States Post Office Department, Life Insurance Sales Research Bureau, State Department of Labor, State Department of Revenue, and Southern Furniture Manufacturers Association.

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Benefit Payments for Partial Unemployment.

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POSTERS:

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Notice to Workers—Partial Benefits.

Are You Protected?

STATISTICAL REPORTS:

(Current series, mimeographed.)

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(1) Summary of Claims Activity

(2) Summary of Local Office Operations

(3) Number and Amount of Benefit Payments, by Office (monthly).

Weekly Summary of Initial and Continued Claims Taken and Benefit Checks Distributed by Area and Office.

(Special Studies, 1944-1945)

Analysis of Benefit Formulas—1936-1939-1940—Alternates

Analysis of Claims with Benefit Years Ending in 1944

Changes in Employment and Wages 1940-1943-1944, by Regions, Office Areas and Counties

Changes in Covered Employment 1939-1942-1944, by Industry

Covered Employment and Wages 1944, by County and Industry

Effect of Demobilization on N. C. Employment and Unemployment Compensation

Experience Rating in N. C., 1945

Geographic Distribution of the N. C. Labor Force

Industrial Distribution of the N. C. Labor Force

Industrial Trends in N. C., 1940-1942

Industry Turn-over, 1943-1944

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AIR VIEW OF NORTH CAROLINA STATE COLLEGE, RALEIGH, N. C.

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Informational Service Representative

Cover illustrations represent typical North Carolina industries under the unemployment compensation program or related activities.

Cover for Fall, 1946—Aerial view of North Carolina State College of Agriculture and Engineering of the Greater University of North Carolina, in West Raleigh, showing a large part of the main college buildings and campus Seaboard and Southern railway tracks are seen at the right. College property holdings total 2,617 acres, including dairy and livestock farms. A projected expansion program would double the present school facilities for the 4,500 students now enrolled. An article in this issue by Charles W. Daniel, former editor, N. C. State College News Service, explains the ways in which the college contributes to industry in North Carolina.

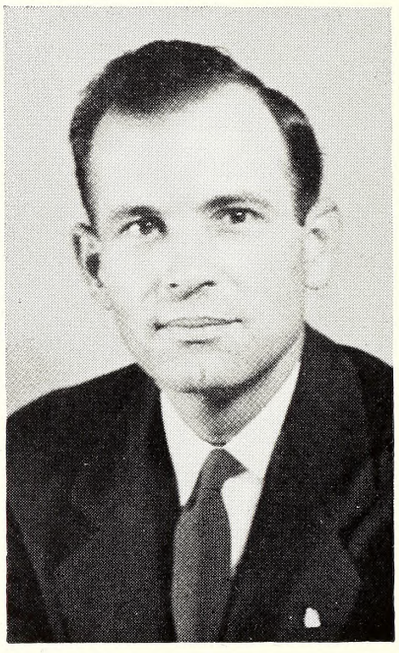
Sent free upon request to responsible individuals, agencies, organizations and libraries. Address: U. C. C. Informational Service, Raleigh, N. C.

CONTENTS

	Page
Ernest C. McCracken, Director Employment Service Division	70
College Research Aids States Expanding Industries, by Charles W. Daniel	71
Employment Service Returned to State UCC November 16, by M. R. Dunnagan	73
State Planning to Develop and Expand Industries, by Felix A. Grisette	74
Big Increase in Small Industries in North Carolina, by Silas F. Campbell	76
Identifying and Locating Unemployed in North Carolina, by Hugh M. Raper	78
Unemployed must Seek Jobs to Qualify for Benefits	79
Decided Decrease in Benefit Payments in Fall Months	79
Trends in Covered Employment, Weekly Wages, 1942-1945, by Silas F. Campbell	80
Apprentice Training Being Revived in N. C. Industries, by M. R. Dunnagan	82
Where are the Workers for North Carolina Industries? by Benton Bray	84
Coal Mine in North Carolina Expected to Produce Soon, by Bill Sharpe	85
Maritime Workers Covered; Greenhouse Exempt, by R. B. Billings	86
Veterans Refund Allowances in Concurrent Payments	87
Millions Involved in Veteran Readjustment Allowances, by M. R. Dunnagan	88
Unemployment Decreases; Average Weekly Wages Show Increase	90
New Industries 181, Expansions 100, in Six Months, by Bill Sharpe	91
Increase in Small Firms in North Carolina	91
Armed Services Amendment to Social Security Act	92
Less Than Two Percent of Veterans Exhausted Allowances	93
North Carolina in Region IV Has Less Unemployment	95
Federal Agencies Reorganized by Executive Order, Plan 2	96
National City Bank Cites Unemployment Problems	98
Marion W. Heiss is New Employer-Member of UCC	99

ERNEST C. M'CRACKEN, DIRECTOR EMPLOYMENT SERVICE DIVISION

Ernest C. McCracken, former assistant State director of the U. S. Employment Service for North Carolina, now the North Carolina State Employment Service Division of U.C.C., was appointed State Director to succeed R. Mayne Albright, resigned, and Robert M. du Bruyne, chief of Programs and Methods, succeeded McCracken as assistant State director, both effective October 1, 1946. John Francis Foy, regional director, USES, Washington, announced the appointments.



ERNEST C. McCRACKEN

The appointments were made in Washington, but after assurance that they were acceptable to Henry E. Kendall, chairman of the Unemployment Compensation Commission of North Carolina, and other State officials, since the USES, under congressional direction, was to be (and was) returned to the State UCC on November 16.

Mr. McCracken has a splendid background for his new duties. He joined the Employment Service in 1937 as interviewer in the Waynesville office, later was interviewer at Marion, assistant Manager at Asheville and manager at Lenoir. Late in 1940 he was transferred to Raleigh and served for periods as training supervisor, field supervisor and as chief of the Planning Section. Mr. McCracken was called to Washington in 1942 as assistant regional representative of Region IV, during which year he served for a few months as acting State director for the USES in West Virginia.

Upon return he served for about a year as assistant State director, was commissioned as an Ensign in the U. S. Naval Reserve in August 1943, and was promoted to Lieutenant (jg) during his service of two and one-half years. He was assigned to the Fourth Naval District, comprising Pennsylvania, Delaware and southern New Jersey as assistant to the district civilian personnel director and was stationed at Bethlehem, Penna., most of the time. He resumed his post as assistant State director in February after release from the Navy.

Mr. McCracken is a native of Haywood County, a graduate of Western Carolina Teachers College at Cullowhee and spent four years as teacher and principal in the Waynesville Schools before joining the Employment Service.

(Continued on next Page)

College Research Aids State's Expanding Industries

By CHARLES W. DANIEL, *Former Editor, N. C. State College News Service*

North Carolina is the richest "deficit" State in the Union. Tobacco taxes alone set the State very close to the top in payment of revenue to the federal government.

The objective query of an outsider might well be why should this State, with fine mountains and seacoast, abundant waterways, fine soils and minerals of virtually every type usable, 48,000 miles of good roads and every natural resource to make it self-sufficient, import such high percentages of meat, milk, shirts, engines and a host of other essentials?

North Carolina grew up naturally from the time of Virginia Dare's disappearance into a State of predominantly agricultural interests, small towns and small industries. Aside from the tobacco folks, nobody did anything on a scale sufficient to accommodate consumer demand.

Like the streets of Durham, one of the State's larger cities, industries in North Carolina "just happened," most of them without benefit of basic research.

Research developed the atomic bomb, the girdle with the two-way stretch, the electric light and just about everything else useful today. It can develop North Carolina resources sufficiently to make the State essentially independent of imports from other States.

North Carolina and the South today are "deficit" States and behind the times in industrial development primarily because of the absence of research and trained research personnel.

State College is one of the few seats of industrial and business experimentation in the State. Projects are now being conducted by the research arms of the Engineering and Textile schools of the college which give promise of opening new avenues to small Tar Heel industry and of creating the attraction which could draw new manufacturing concerns to North Carolina.

The efforts of the college to promote North State industry are not confined to research. Recently a high-paid official of Westinghouse Electric, impressed by the performance of five young employes who had just graduated from State College with engineering degrees ,determined to send his son to the West Raleigh institution.

The efforts of Engineering Dean John H. Lampe, and Textile Dean Malcolm E. Campbell are bent to turn out such well-trained graduates as to awaken manufacturers in other states to the fact that North Carolina is the state with both the facilities for training highly skilled workers and the facilities for the production of finished goods. The engineering school attracted 2,000 students in September. The textile school, already by far the largest in the world, attracted 500.

Foremost among research projects at the college in engineering, textiles and agriculture are those aimed to benefit small industries already struggling for a foothold at home. The relatively small staff of research workers must first establish continuous relationships with the operators of small industry. They must discover the production problems of the small operator and then proceed to help him with his problems.

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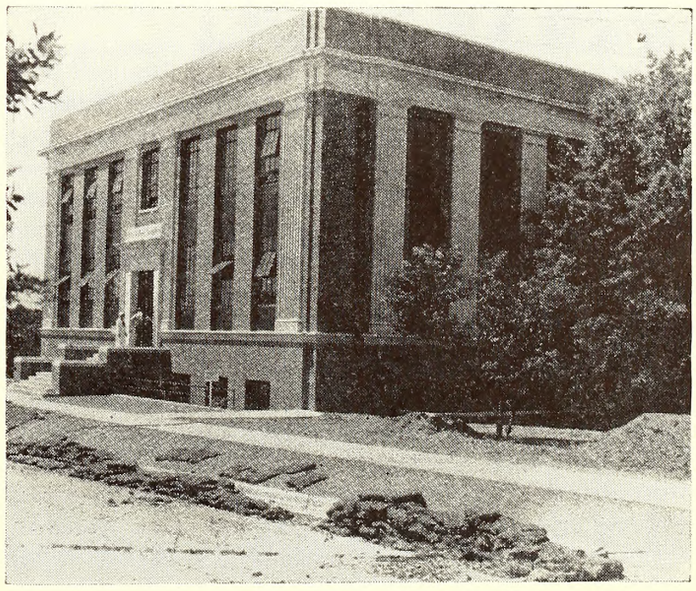
ERNEST C. M'CRACKEN, DIRECTOR EMPLOYMENT SERVICE DIVISION

(Continued from Page 70)

Mr. du Bruyne, new assistant State director, also came up through the ranks of the Employment Service. He joined the UCC late in 1937 as a claims interviewer at Rockingham and served later as field investigator in Asheville. After transfer to the Employment Service, he served as manager of the Lenoir, Fayetteville and High Point local offices, and was promoted to field supervisor and area director for the War Manpower Commission. Mr. du Bruyne was transferred to the State office in August, 1943, as chief of placement and has served as assistant State Director, and Acting State Director, following Dr. J. S. Dorton's resignation as WMC State director and pending Mr. Albright's return from military leave.

UCC Chairman Kendall expressed entire satisfaction over appointments of Mr. McCracken and Mr. du Bruyne to key positions in the Employment Service and the assurance of continued close cooperation after the USES returned to State control on November 16.



Diesel Engineering Building, State College

Among college projects in this category are laboratory efforts to improve textile machine design; to develop improved methods of drying brick; to determine the ignition point and burning rate of plastics; to test the burning characteristics of domestic fuel oils; to discover a more sanitary means of disposing of both municipal and industrial wastes in the State's streams; and, to use the institution's more than $3,000,000 worth of diesel machines and equipment to plug the State at the most likely spot on the Eastern Seaboard for the manufacture of diesel engines.

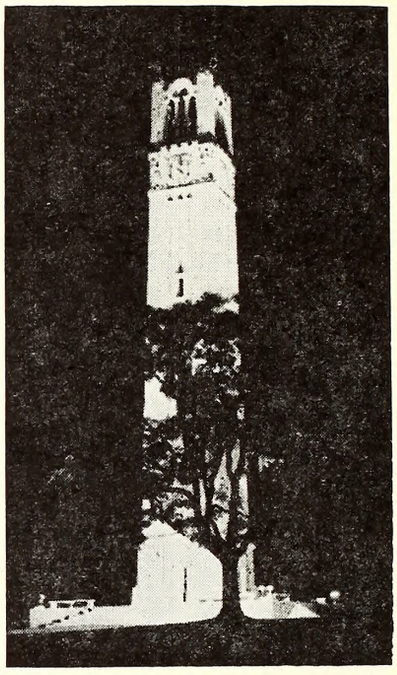
Heading the laboratory efforts in textile machine design is Dr. Clarence M. Asbill, Jr., creator of numerous cotton processing machines and the holder of many patents. The college's modernistic laboratory has recently been enhanced with surplus army equipment bought at Seymour Johnson Field near Goldsboro. Dr. Asbill is confident that new and far-reaching developments in textile machinery are not far away.

Dr. W. W. Kreigel and Martin Parcel are working on a project designed to speed up the drying process for structural clay products. Brick production is a fast-growing enterprise in the State. Many operators now have machines capable of cutting and dressing 300,000 brick daily. However, the average kiln is capable of drying only 70,000 brick daily. The work, intended to bring the drying capacity up to the cutting peak, is being conducted with infra-red radiation. The scientists admit that this is a tough one.

In chemical engineering, D. S. Weaver, Jr., is searching for a simple, rapid and accurate method of determining the ignition point and the burning rate of various plastic materials. The world use of plastics has become so extensive as to lend great significance to this job. Among the more common commodities to be affected by any findings are movie film and table tops. The Navy has conducted inconclusive research on this problem. The American Society for Testing Materials is providing financial backing for the tests.

The only piece of industrial research financed by a private business at State College is being pursued by W. F. Morris, Jr., for the Texas Company. It is to test the burning characteristics of different types of domestic fuel oils. Morris' investigation has never been attempted before although similar research has been made by other oil companies. Oil company forecasters say that within a short period, the demand for fuel oil will double that for gasoline.

One big and obvious reason for this conclusion is the rapid turn by virtually all trunk rail companies to the use of diesel engines as opposed to the old coal-burners. First in this connection is the Seaboard which already has 32 passenger diesel units, 44 EMC (twin-engine) freight units and one large Baldwin engine, which is heavier than both sections of an EMC-powered unit. Officials of the railroad said that the company intends to become entirely dieselized as fast as tracks can be conditioned to accommodate the weight.



Memorial Tower, State College

Here, according to Professor R. B. Rice, head of the Diesel Engineering School at State college, is where the school, with its more than $3,000,000 in diesel equipment comes in. There is not a single diesel manufacturing plant on the Eastern Seaboard (aside from the Sun Shipbuilding Company at Chester, Pa., which builds only custom engines for the Sun ships). The State has the sea coast, the facilities, the manpower, and now, the means of training necessary personnel to build these oil-burning engines which are coming into greater use everywhere. Raleigh is a middle point on the north-south rail run from New York to southern terminals. It could logically become a diesel maintenance center for all the big railroads which run through the city: Seaboard, Atlantic Coast Line and Southern. When the railroads first began using diesel power, special maintenance men and mechanics were hired to ride the trains. That maintenance system still stands.

The American Society of Refrigerating Engineers has called upon Dr. E. M. Schoenborn, head of the Department of Chemical Engineering, to investigate "heat transfer as affected by frost and ice" in an attempt to develop more efficient refrigerating machines. Ice and frost formations in refrigerators reduces efficiency. Work on the job will begin this fall.

J. A. Rolston, in metalurgical engineering, is conducting research into the relative merits of metal surfaces in soldering to make joints. He will attempt to discover what surfaces take solder best and make better joints. Little if any work of a purely scientific nature has been completed in this country on soldering, a vital consideration in construction and repair with metals.

Local and branch office personnel of the North Carolina State Employment Service Division of UCC made 153,453 reception contacts with the public during December, 1946, which included three holidays, at the 78 offices and about 80 itinerant points. This was an increase of 31 percent over December, 1945. The personnel made 13,584 referrals of job seekers to jobs and verified 7,202 placements on jobs, an increase of 16 percent over December, 1945. Of total placements, 2,854 were of veterans and 303 were of disabled veterans.

Employment Service Returned to State UCC November 16

BY M. R. DUNNAGAN, *Informational Service Representative*

The Employment Service is back with the State UCC as a coordinate division, along with the Unemployment Compensation Division, after almost five years as a Federal agency, the United States Employment Service. The return of this division to the State agency became effective as of November 16, as the result of congressional action last summer.

Historically, the Employment Service is older than the UCC. The Wagner-Peyser bill was enacted by Congress in 1933, setting up a public employment service on a nation-wide scope but with State participation. This Employment Service superceded the National Reemployment Service, which had been set up primarily as an agency to place unemployed and needy workers on public works projects during the depression years following the 1928 debacle. Capus M. Waynick, formerly of High Point, now of Raleigh, was State director of the National Reemployment Service in North Carolina.

The General Assembly of North Carolina, in 1935, appropriated $75,000 a year to match Federal funds provided in the Wagner-Peyser Act for establishing a State-wide public employment service system through local employment offices at key points throughout the State. Mrs. May Thompson Evans, now an assistant in the Headquarters office of the USES, as assistant director of the National Reemployment Service, was instrumental in securing the passage of the bill providing for State participation under the Wagner-Peyser Act and became the first State director of the agency, then known as the North Carolina State Employment Service.

In December, 1936, the North Carolina General Assembly, in special session, enacted the State Unemployment Compensation Law, which set up the Unemployment Compensation Commission of North Carolina and incorporated the North Carolina State Employment Service in the agency as the Employment Service Division, coordinate with the Unemployment Compensation Division. When the Employment Service was first established, it was under the direction of the U. S. Department of Labor and so continued until 1939, when it was placed under the Social Security Board.

Soon after Pearl Harbor, President Franklin D. Roosevelt issued an executive order, effective January 1, 1942, combining the Employment Service agencies in the 48 states and three Federal units into a national agency, the U. S. Employment Service, on the ground that this service could function more efficiently as a national unit than it could as 51 separate units. In messages to the 48 State Governors, President Roosevelt asked that the 48 State Employment Service units be turned over to the Federal Government for the duration of the war. The Governors agreed, placing the transfer on a loan basis, the Employment Service units to be returned to the States after the war was over.

President Harry S. Truman asked that the Employment Service remain under Federal control until June 30 1947, at least, to take care of the readjustment, placement of returning veterans, and proper balancing on a national basis of the labor force. Congress was insisting on the return of the Employment Service to the several states. One amendment, a rider on another measure, was enacted by Congress, providing for the return earlier in 1946. President Truman vetoed the bill. Later Congress provided for the return of the Employment Service on November 16, a compromise date, and President Truman signed this measure.

Soon after its nationalization the U. S. Employment Service geared itself for the task of finding and supplying workers for the numerous war plants that sprang into existence almost overnight. Among its earlier tasks, some in advance of its nationalization, was providing labor for the many war forts, camps and bases constructed in North Carolina, including Fort Bragg's enlargement, Camp Davis, Camp Butner, marine bases at Camp Lejeune and Cherry Point, and numerous other smaller projects.

Shipyards, airplane plants, precision machine shops, rubber plants and others in this State, as well as similar and other strategic types of operations in other states, called upon the U. S. Employment Service for workers. Many thousands were recruited and transported to war jobs within and outside North Carolina, which was looked upon as a labor supply state—with a surplus of labor to be channelled into urgent projects.

Soon after the Employment Service was nationalized the War Manpower Commission was set up and this Commission soon took over the USES as its main operating agency. The WMC set up controls which took labor from less essential and placed it in more essential operations, set ceilings on the numbers of workers in all industrial plants and channelled workers into war activities where they could do the most good in support of the war effort.

Through all of this the USES was the strong right arm of the WMC. Its tasks were to implement and seek to enforce the war-time regulations of the WMC, collect data, on the basis of which labor marked areas were set up showing shortages or surpluses of labor, contracts were awarded or withheld and renewed or terminated. These studies involved determinations as to amounts and types of labor available, housing, transportation, food supplies, sanitary conditions, and many other factors in every community in the State.

The USES in North Carolina did a magnificent war job and modestly accepted the praise and plaudits of regional and national officials, industrial leaders within and outside the State, labor organizations and that large segment of the public generally which had occasion to know of its activities.

Piloting the USES in its early days of war acitvity was R. Mayne Albright, who had been appointed to

(Continued on Page 95)

State Planning to Develop and Expand Industries

By Felix A. Grissette, *Managing Director North Carolina State Planning Board*

The statute creating the North Carolina State Planning Board defines its functions as follows:

> "That it shall be the function and duty of the State Planning Board to make studies of any matters relating to the general development of State or regions within the State or areas of which the State is a part, with the general purpose of guiding and accomplishing a co-ordinated, adjusted, and efficient development of the State. Upon the basis of such studies, and in accordance with the present and future needs and resources the board shall present, from time to time, reports, plans, maps, charts, descriptive matter and recommendation relating to such conservation, wise use and planned development of the material and human resources of North Carolina as will best promote the health, safety, morals, order, convenience, prosperity and welfare of the people of the State."

The act further specifies that the Board shall consist of nine members, appointed by the Governor, as follows: Five members to be chosen from State officers or heads of departments or boards, one of whom shall be the Director of the Department of Conservation and Development; at least one representative from the University of North Carolina, and the remaining members to be chosen from among the other citizens of the State. The members of the Board shall hold office during the pleasure of the Governor, and all vacancies shall be filled by the Governor, when and as they may occur. The Governor designates one member to serve as chairman and the Board elects one of its members to serve as secretary. Employees of the Board are appointed by it and responsible to it.

D. Hiden Ramsey of Asheville is Board chairman and R. Bruce Etheridge is secretary. Felix A. Grisette has served as managing director since the Board began its full-time activities early in 1944. Other members are: W. F. Carr, Durham; Harry B. Caldwell, Greensboro; Irving F. Hall, Raleigh; Robert M. Hanes, Winston-Salem; George W. Kane, Roxboro; Dr. Howard W. Odum, Chapel Hill; Capus M. Waynick, Raleigh.

A careful study of the functions of the Board, as defined in the above quotation from the statute creating it, indicates that it has almost unlimited authority in matters relating to the general development of the State. The present Board has felt from the outset that this authority implied a great responsibility. In attempting to fulfill this responsibility, the Board formulated an eight-point program of policies which should guide its activities, as follows:

1. In all matters of policy, it must be borne in mind that the legislative act which created the Planning Board specified that it would be "an advisory agency of the State."
2. In so far as possible, the planning projects which the Planning Board may advocate should be executed by the departments, divisions, agencies, and institutions most directly concerned. The extent to which the Planning Board can stimulate and encourage and facilitate this planning within other agencies rather than to attempt them itself should constitute the final measure of its value to the State.
3. A logical complement of this policy of encouraging planning within existing agencies would be that the Planning Board serves as the coordinator in those projects which cut across departmental lines. If a project involves two or more State agencies, as it frequently will, the Planning Board should serve as the liaison between the public and the agencies involved.
4. The policy of stimulating other agencies to execute planned projects should presuppose a willingness and ability on the part of the Planning Board to render every possible assistance. Research information not now available, for instance, would be a service for which the Planning Board should assume responsibility.
5. The policy of stimulating other agencies to do the actual planning does not remove entirely the possibility that the Planning Board should undertake projects in its own right. The responsibility implicit in its all-inclusive objectives demands that it undertake such needed projects as cannot be executed in some existing agency.
6. In keeping with this policy of collaboration, the activities incident to the establishment and operation of local planning boards should be undertaken in cooperation with local officials and all interested local lay groups.
7. Because of staff and budgetary limitations, the Planning Board should limit its activities to a comparatively few projects. Concentrated effort in a few fields would seem preferable to scattered attempts in many directions.
8. Subject to the limitations of its main objectives, the Planning Board should concentrate on these projects designed to meet the problems that will likely confront the State in the immediate postwar period.

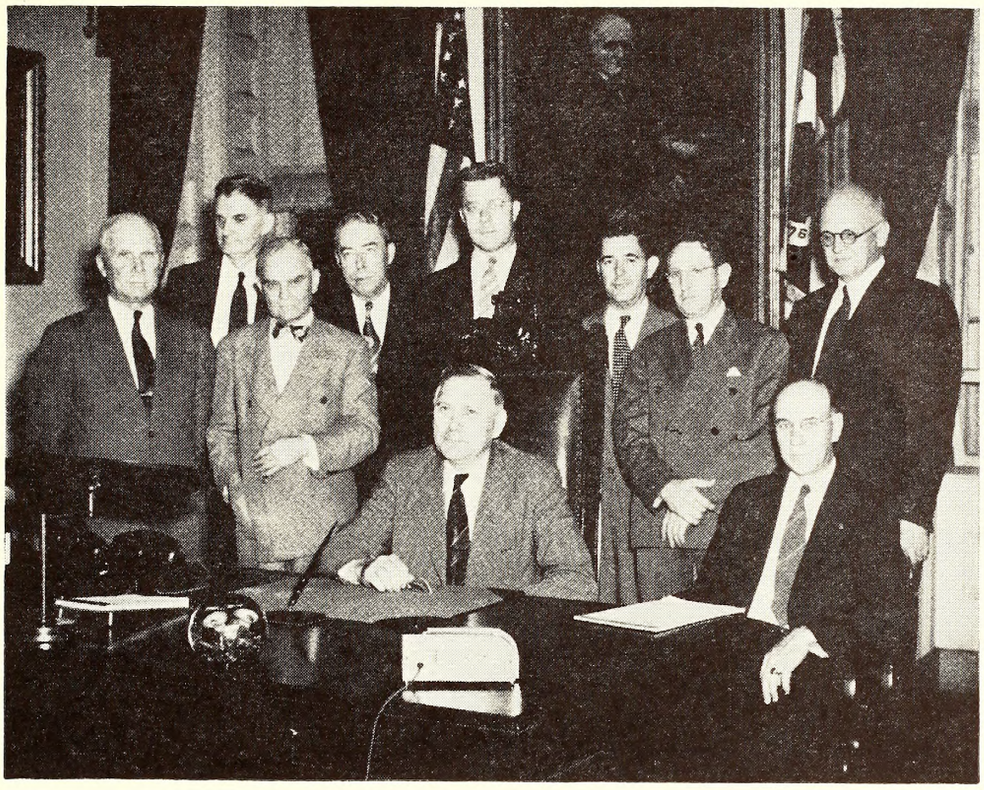
In attempting to perform the functions for which it was created, consistent with the above statement of policies, the work of the Board, since it was set up on a full-time basis early in 1944, can be divided roughly into four general classifications:

I. To serve as a coordinating agency.
II. To aid and encourage organized planning at the community level.
III. To serve as a research, fact-finding, information agency in all matters relating to North Carolina.
IV. To make recommendations in behalf of a greater North Carolina, based on the needs of the people of the State.

A brief review of the high spots in these four fields of activity will serve to make clear what the Board is attempting to do.

I. A COORDINATING AGENCY

Many segments of State life cut across departmental lines. Many important fields of endeavor are partially the concern of several departments or institutions without being the exclusive responsibility of any one such agency. This situation creates a demand for one detached objective agency to serve



STATE PLANNING BOARD
Photo taken in office of Governor R. Gregg Cherry, seated left, with Associate Justice E. B. Denny, seated right, who administered the oath of office to the members. Members, left to right, are R. Bruce Etheridge, director, Department of Conservation and Development, secretary; D. Hiden Ramsey, general manager, Asheville Citizen-Times, chairman; William F. Carr, Durham Hosiery Mills and Mayor of Durham; George W. Kane, building contractor, Roxboro; Harry B. Caldwell, Greensboro, secretary, N. C. Good Health Association; Felix Grisette, Raleigh, managing director; Irving F. Hall, president State Capital Life Insurance Co., Raleigh; Capus M. Waynick, director, N. C. Social Hygiene Society. Absent member is Robert M. Hanes, president, Wachovia Bank & Trust Co., Winston-Salem.

as a coordinator in order that duplication of effort may be avoided and in order that no important activity shall be overlooked. The Board conceives its responsibility to include this function and it has proceeded accordingly. Much of this coordinating function is effectuated by the use of committees representing all interests involved. Examples of such coordinating committees, all of which are actively at work in their respective fields, are:

The Committee on Resource-Use Education, which Governor Cherry has pronounced as possibly the most important ever appointed in the history of the state.
The Committee on Services for Children and Youth
The Committee to Promote Rural Industries
The Committee on Agriculture
The Committee on Public Works
The Committee on Tourists and Travel
The Committee on Education
The Committee on Health
The Committee on Public Welfare
The Committee on Recreation
The Industry Advisory Committee
The Committee on Taxation
The Committee on Art, Literature and Music
The Committee on Community Planning

Committees on transportation and housing will probably be appointed in the near future. Approximately 300 state officials and other prominent citizens serve on these committees.

II. LOCAL PLANNING

North Carolina communities are urged to create local planning agencies to perform the same functions at the community level which the State Board attempts to perform at the State level. Emphasis on this phase of the program of work is predicated on the premise that North Carolina will become a greater State only to the extent that its communities become greater, that North Carolina in the final analysis is nothing more nor less than the sum of the counties, cities, and towns within its borders, that if localities can solve their local problem the State's problems will largely disappear.

There are now 75 local planning agencies of one type or other throughout the State, and the number is increasing regularly. Assistance is rendered these groups by means of staff visitations and consultations, providing a clearing house of information, periodic reports on what other communities are doing, statistical and research assistance, etc. Typical types of assistance rendered local groups follow:

"An Over-All Survey of the Needs and Opportunities of Cleveland County"
A similar survey in Guilford County
(These surveys are intended to serve as guides for other counties)
The publication of an outline of a suggested model type of local planning set-up
A published report showing population changes in all North Carolina counties since 1940
A printed compilation of basic statistical data on each county
A survey of those resources in each county and community which best lend themselves to the attraction of industries and tourists

The need and value of this service to North Carolina communities recently prompted Governor Cherry and the Council of State to make available the necessary funds to enable the Board to establish a full-fledged community planning department. As a result of this action, Mr. Edward A. Conover, a community organization consultant of wide experience,

(Continued on Page 96)

Big Increase In Small Industries In North Carolina

By SILAS F. CAMPBELL, *Director Bureau of Research and Statistics, UCC of N. C.*

The enviable position of North Carolina with respect to stability of its industries and employment is well known. Even during the depression period the ratio of the number on relief rolls to the labor force of the State was approximately 20 percent below the average for the Nation, just as the ratio of employment has been shown to be over a score of years.

Its employment is centered largely in production of consumer goods, the demand for which remained strong throughout the period between World War I and World War II. This demand was accelerated during the second war and continues at an even higher level.

Serving as a reservoir of labor for war industries, a considerable portion of the State's labor force was lost to other States during the war. The pre-war level of available labor has not yet been restored, though the total non-agricultural labor force for the first time since 1941 reached 700,000 in March, 1946.

Many of its manufactures are of the low grade type, since the State fails to take advantage of the opportunity to embrace the final processes of manufacture in many of its important products, it loses the opportunity to employ workers at higher skill levels and at relatively higher wage levels. Consequently, the average per capita weekly wage in North Carolina remains about a third less than the National average, although this average has increased from $17.44 per week in 1940 to $31.10 in 1945. The result of these low wage levels doubtless affects the disinclination of North Carolina workers to return to the State with the present wage differential that exists between this and other States.

Notwithstanding these handicaps, North Carolina industry was probably less adversely affected by war and demobilization than any other State in which war production was not especially concentrated. There was a general feeling at the beginning of the war that the small operator would be seriously handicapped and have to go out of business as a result of the war, the reason being:

1. That he would not have sufficient capital or equipment to take large war contracts.

2. That he was not engaged in a type of business considered essential to the prosecution of the war.

3. That the materials he would require for operation or sale would be so restricted that he could not continue to operate.

4. That the skilled labor so employed would be needed, and would find more attractive wages, in essential war jobs.

These things all materialized, yet studies which have been based on sizes of firm data do not support the theory that the small employer in North Carolina has fared badly on the whole because of war conditions. An analysis made of the fourth quarter of 1942, which was the peak year of employment in North Carolina during the war period, indicated that the number of covered employers of fewer than 100 workers in 1942, was 9236 or 11.9 percent more than in 1940.

By the fourth quarter of 1945 the number of employers of fewer than 100 workers had increased to 10, 514, a gain of 2, 261, or 27.4 percent, from 8253 in 1940, notwithstanding the increase in the total number of employers from 1940 to the fourth quarter of 1945 had been only 15.7 percent. In other words, while the total number of covered employers was increasing from 9,848 in 1940 to 11,391 during the fourth quarter of 1945, the number of employers with fewer than 100 workers increased from 8,253 to 10,514. It will be seen, therefore, that of the total gain in covered employers of 2,543, 2,261, or 88.9 percent represented employers with fewer than 100 workers.

Bringing the figures up to date with respect to all types of employers, it is found that the total number of covered employers has increased from 9,848 in 1940 to 12,790 covered employers during the month of August, 1946, a total increase of 2,942 establishments, or 29.9 percent. It is noteworthy that this increase of 29.9 percent in business establishments in North Carolina occurred during a period when there was a National decline. A recent report of the Census Bureau indicated that during the war years this decline in new establishments reached a total of 15 percent and, while there has been some increases at the National level during the past twelve months, it is estimated that the number is still approximately 12 percent below the pre-war level, while North Carolina is nearly 30 percent above. While the total covered employment in the State has not reached the war level, it was only 7.8 percent below during the second quarter of 1946, the average number being 545,000 as compared to 591,391 for the year 1942, the peak year of the war, and was 16.7 percent above 1940.

INDUSTRY TURNOVER 1942-1946

There was considerable industry turnover throughout the war period. During the fiscal year 1942-1943, 943 establishments retired or had their coverage terminated. During the fiscal year 1943-1944 the retirements numbered 926. Turnover increased as the end of the war approached. The number retiring during the fiscal year 1944-1945 rose to 1,120, and during the fiscal year 1945-1946 increased to 1,216. This is a total of 4,205 establishments, representing 164,719 employees. The reasons why they retired are set forth as follows:

Of the total of 4,205 firms, 1,330 ceased operations in the State; 128 firms merged with other covered employers; 46 firms moved to other areas; 217 firms were liquidated; 7 closed down temporarily because of seasonality and were later reactivated; 627 had

(Continued on Page 94)

INDUSTRY TURNOVER IN NORTHCAROLINA—FISCAL YEARS 1944-1946

INDUSTRIAL CLASSIFICATION	ACCESSIONS FISCAL YEAR				TOTAL BIENNIUM		RETIREMENT FISCAL YEAR				TOTAL BIENNIUM	
	1944–1945		1945–1946		1944–1946		1944–1945		1945–1946		1944–1946	
	No. Firms	Emp.	No. Firms	Emp.	No. Firms	Emp.	No. Firms	Emp.	No. Firms	Emp.	No. Firms	Emp.
TOTAL, ALL INDUSTRIES	1,029	30,306	2,676	67,836	3,705	98,142	1,120	50,683	1,216	53,090	2,336	103,773
AGRICULTURE, FORESTR. & FISHING	2	27	9	161	11	188	5	119			5	119
Farms			7	132	7	132	5	119			5	119
Forestry	2	27	2	29	4	56						
MINING	16	283	31	1,351	47	1,634	47	1,160	23	1,256	70	2,416
Metal Mining	1	62	2	119	3	181	1	17			1	17
Crude-Petroleum & Natural-Gas Production			1	29	1	29						
Nonmetallic Mining and Quarrying	15	221	28	1,203	43	1,424	46	1,143	23	1,256	69	2,399
CONTRACT CONSTRUCTION	98	2,954	378	9,127	476	12,081	92	14,886	93	12,981	185	27,867
Building Construction-General Contractor	26	496	169	4,573	195	5,069	25	1,347	23	3,872	48	5,219
General Contractor other than Building	18	1,597	57	2,426	75	4,023	19	11,928	21	7,537	40	19,465
Construction Special Trade Contractors	54	861	152	2,128	206	2,989	48	1,611	49	1,572	97	3,183
MANUFACTURING	391	19,533	876	34,202	1,267	53,735	361	17,840	444	25,940	805	43,780
Ordance and Accessories	1	270			1	270			1	40	1	40
Food and Kindred Products	35	718	76	2,919	111	3,637	36	1,497	38	2,031	74	3,528
Tobacco Manufactures	2	2	3	40	5	42	1				1	
Textile-Mill Products	54	11,499	148	17,068	202	28,567	35	5,741	76	7,384	111	13,125
Apparel and Other Finished Products	13	964	36	1,339	49	2,303	7	962	17	1,196	24	2,158
Lumber and Timber Basic Products	213	3,326	413	6,097	626	9,423	214	5,799	225	5,037	439	10,836
Furniture and Finished Lumber Products	29	833	105	4,239	134	5,072	27	1,526	42	2,213	69	3,739
Paper and Allied Products	3	13	3	78	6	19	2	58	2	57	4	115
Printing, Publishing and Applied Products	7	111	8	87	15	126	5	138	2	34	7	172
Chemicals and Allied Products	4	207	6	294	10	501	3	378	2	70	5	448
Rubber Products	5	1,041	5	44	10	1,085	3	1,030	5	52	8	1,082
Stone, Clay and Glass Products	7	158	29	626	36	784	12	231	5	226	17	457
Iron and Steel and their Products	5	121	8	169	13	290	2	89	1	24	3	113
Transportation Equipment (except Autos.)			5	150	5	150	2	42	10	7,189	12	7,231
Nonferrous Metals and their Products			1	15	1	15			1	8	1	8
Electrical Machinery			1	65	1	65						
Machinery (except Electric)	8	213	16	329	24	542	5	116	12	165	17	281
Automoblies and Auto Equipment			2	17	2	17	1	60			1	60
Miscellaneous Manufacturing Industries	5	57	11	626	16	683	6	173	5	214	11	387
TRANSPORTATION, COMMUNICATION AND UTILITIES	63	1,348	106	1,628	169	2,976	79	4,917	45	1,049	124	5,966
Local Railways and Bus Lines	3	143	6	54	9	197	1	14	3	42	4	56
Trucking and Warehousing for Hire	17	575	42	742	59	1,317	26	1,500	26	710	52	2,210
Other Transportation Except Water	26	478	38	519	64	997	16	405	15	287	31	692
Water Transportation	1	10			1	10			1	10	1	10
Services Allied to Transportation N. E. C.	2	13	5	125	7	138						
Telegram and Telephone and Related Services	14	129	2	18	16	147	35	2,975			35	2,975
Utilities: Electic and Gas			13	170	13	170	1	23			1	23
WHOLESALE AND RETAIL TRADE	341	4,306	948	14,800	1,289	19,106	370	8,230	423	7,258	793	15,488
Full-Service and Limited-Function Wholesalers	48	659	142	4,226	190	4,885	38	2,619	57	1,057	95	3,676
Wholesale Distributors, Other	56	420	170	1,263	226	1,683	27	394	34	309	61	703
Wholesale and Retail Trade Combined, N. E. C.	4	58	26	321	30	88	2	487	9	171	11	658
Retail General Merchandise	21	288	71	2,105	92	380	21	469	26	820	47	1,289
Retail Food and Liquor Stores	14	128	31	362	45	173	22	361	18	205	40	566
Retail Automotive	19	221	121	1,455	140	361	15	336	27	558	42	894
Retail Apparel and Accessories	30	497	76	1,153	106	603	34	546	44	968	78	1,514
Retail Trade, N. E. C.	48	579	135	1,494	183	2,073	79	742	68	1,007	147	1,749
Eating and Drinking Places	97	1,437	169	2,376	266	3,813	128	2,234	133	2,095	261	4,329
Retail Filling Stations	4	19	7	45	11	30	4	42	7	68	11	110
FIANCE, INSURANCE AND REAL ESTATE	16	127	70	1,330	86	1,457	29	255	75	1,293	104	1,548
Banks and Trust Companies			4	30	4	30						
Security Dealers and Investment Banking	4	24	2	5	6	29	4	39			4	39
Finance Agencies, N. E. C.	3	15	16	246	19	261	2	13	19	255	21	268
Insurance Carriers	6	8	18	698	24	706	11	45	49	939	60	984
Insurance Agents, Brokers and Services			11	160	11	160	2	20			2	20
Real Estate	3	80	17	179	20	259	10	138	6	89	16	227
Real Estate, Insurance, Loans, Law Offices			1	10	1	10			1	10	1	10
Holding Companies, except Real Estate			1	2	1	2						
SERVICE INDUSTRIES	102	1,728	258	5,237	360	6,965	137	3,276	113	3,313	250	6,589
Hotels, Rooming Houses, Camps	15	276	28	648	43	924	28	617	17	837	45	1,454
Personal Services	57	1,129	119	2,303	176	2,432	68	1,781	96	2,476	164	4,257
Business Services, N. E. C.	7	55	16	201	23	256	8	268			8	268
Employment Agencies and Commercial and Trade Schools	1	6	4	712	5	718	3	13			3	13
Automobile Repair Services	1	6	16	204	17	210	5	40			5	40
Miscellaneous Repair Service and Hand Trades	3	28	14	177	17	205	3	25			3	25
Motion Pictures	2	22	13	141	15	163						
Amusement and Recreation Services N. E. C.	10	136	22	387	32	523	14	180			14	180
Medical and Other Health Services			8	107	8	107	2	3			2	3
Educational Institutions and Agencies	1	30	2	31	3	61	1	30			1	30
Other Professional and Social-Service Agencies and Institutions	3	37	7	308	10	345	4	318			4	318
Nonprofit Membership Org.	2	3	9	18	11	21	1	1			1	1

Identifying and Locating Unemployed In North Carolina

By HUGH M. RAPER, *Supervisor, Reports and Analysis, Bureau of Research and Statistics*

Who are the unemployed? *What* industry groups are they separated from?

Where are they located?

In this period when employment in the United States is at its peak, and at a time when North Carolina covered employment approaches the 1942 high level, it seems appropriate to examine the unemployment situation to learn something of the conditions which account for the presence of more than 28,500 individuals in our employment offices in an unemployed status during the week ending September 28, 1946.

In order to understand this anomaly, a study has been made of the payment activity of the Unemployment Compensation Commission in the Administration of its program and of the readjustment allowance program. During the third quarter of 1946 unemployed workers under the Unemployment Compensation Program were compensated for 84,990 weeks of unemployment, receiving approximately $985,000 in benefit payments. Unemployed veterans under the Readjustment Allowance Program received during the third quarter payments for more than 320,000 weeks amounting to more than $6,400,000.00.

UNEMPLOYED UNDER U. C. PROGRAM

For the sake of clarity, it is best to consider the two programs separately in terms of the queries stated above. Of the 84,990 payments made under the unemployment compensation program, 57,785, or 68 percent, were made to female workers. It follows then that about 7 out of 10 of our unemployed workers are women. To get at the type of women workers unemployed, a study has been made showing the industry from which they were separated. It is found that 86.5 percent of the female workers unemployed and in payment status were engaged in a manufacturing industry or in the wholesale and retail trade group. More specifically the analysis reveals that almost 60 percent of the female unemployed receiving payments were separated from one of the following three industry groups: (1) Industry 21, Tobacco Manufacturing which includes the stemmery workers of tobacco companies (5,410 workers); Industry 50, Full-Service and Limited Function Wholesalers, including the processing of leaf tobacco by other than the manufacturers (14,302 workers); and, (3) 14,364 female workers separated from Textile Mills of all kinds.

An examination of the unemployment figures by months leads one to believe that most of the unemployed in the tobacco processing field were at work by the end of September for in July compensation to these separated workers covered about 14000 weeks while in September less than 1300 weeks were compensated, a decline of 92.4 percent. In the Textile Mill products field the weeks of unemployment compensated dropped from 5412 in July to 3873 in September, a 28.44 percent decline.

About 27,200, or 32 percent of the weeks compensated during the quarter were for unemployed men, and almost two-thirds of this number lost worked in the manufacturing industries, with the greater number separated from the Textile Mill products group and the Transportation Equipment Manufacturing Group which includes ship-building and aircraft parts production. The only other sizeable group (5,383) were separated from employment not covered by the Unemployment Compensation Act, i.e. agriculture, non-covered employers of less than 8 workers, etc. During the months comprising the quarter the number of payments to males dropped from 10,917 weeks in July to 7,327 in September, a 32.88 percent decline.

In a consideration of the unemployment situation it is well to locate the areas where the unemployed are found since the answer to unemployment is employment opportunities. To get this picture in the proper perspective, the following table relates weeks of unemployment compensated to number of covered workers by areas.

Area	*Average No. Covered Workers in 1945*	*No. of Weeks Compensated (3rd. Q. 1946)*	*Ratio of Weeks Compensated to Covered Workers in 1946*
Coastal	66,500	23,140	34.80
Piedmont	364,500	45,580	12.50
Mountain	93,000	9.376	10.08
Out-of State	9,500	6,886	72.48

The unemployment situation in the Coastal Area is largely the result of the seasonal nature of the tobacco processing and fertilizer industries which constitutes a sizeable portion of covered employment of this area. The resumption of tobacco processing operations in the latter part of the quarter brought about a 92 percent drop between July and September. The 72.48 ratio of weeks compensated to out-of-state covered workers is partially explained by the fact that most of the workers coming into the state during the war period were used in positions requiring highly specialized skills for which little employment opportunity now exists and the fact that during the year more than 15,000 out-of-state workers actually were engaged in employment in this State.

Generally the unemployment situation is on the down-grade, and the fourth quarter picture will likely show a drop from the third quarter in weeks compensated and amount paid of as much as 20 percent.

UNEMPLOYED UNDER READJUSTMENT ALLOWANCE PROGRAM

During the Third Quarter unemployed veteran claimants were compensated for 322,468 weeks of unemployment and the payments to these veterans

UNEMPLOYED MUST SEEK JOBS TO QUALIFY FOR BENEFITS

The G. I. Bill of Rights and the State UCC law provide, among other requirements, that an unemployed individual shall be eligible to receive benefits with respect to any week only if the State Unemployment Compensation Commission finds that he is able to work and is available for work. The Commission, as explained by Chairman Henry E. Kendall, has adopted the policy that to be available for work an unemployed individual must actively seek work on his own initiative, in addition to the requirement that he must register for work each week with the Employment Service.

When a claimant, veteran or regular UCC claimant, first applies to the UCC claims taker for veteran allowances or benefits under the regular UCC program, he is advised by the claims taker that it is his duty to seek employment on his own behalf, as well as to report in person to any jobs which he Employment Service may have to offer him.

If or when a claimant has drawn benefits for an extended period of continuous unemployment, then he may be considered as having eliminated himself from the labor market and the claims taker, under Chairman Kendall's instructions, is directed to inquire into what steps he has taken on his own initiative to find a job, submitting the dates, names and address of employers he may have contacted and the results of his effort to find work. The claims taker, if not entirely convinced that the claimant has actively sought work, as reported, will seek to contact the employer to verify statements made by the claimant and record his findings.

Cases of claimants who do not convince the claims takers of their efforts to find work are to be referred to UCC claims deputies who will conduct investigations and make determinations

Unless good reasons exist for failure of claimants to seek work actively, then, in accordance with Chairman Kendall's statement of policy, claimants will be considered to have withdrawn themselves from the labor market and therefore, are not available for work, in which cases allowances and benefits will be halted, pending final dispositions of the cases.

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amounted to $6,427,995.00, slightly under the previous quarters' payments. It is seen that veterans unemployment during the quarter accounts for almost four times as much unemployment as that experienced by other workers.

The quarterly figures, however, do not show a true picture of the veterans unemployment situation in that a considerable improvement was made in the quarter which carries on into October the first month of the fourth quarter.

A comparison of the payment activity for the first twenty-one days of each of the last four months gives a picture of the downward trend in veterans unemployment. The table including data for October, 1946 follows:

DECIDED DECREASE IN BENEFIT PAYMENTS IN FALL MONTHS

A definite decrease in unemployment in North Carolina in recent weeks, of both veterans and non-veterans, is reflected in the drop in checks issued for servicemen's readjustment allowances and regular unemployment benefits.

Veterans' claims for unemployment allowances resulted in the issuance of 24,193 checks for the week ending June 22. By the week ending August 10 this number had increased to 25,190, the peak, while for the week ending October 5, the number of checks issued to unemployed veterans had decreased to 17,-647, representing a drop of about 30 percent from the peak.

Unemployed workers in the regular UCC program filed claims resulting in the issuance of 11,120 checks for the week ending June 22, dropping to 5,264 by the week ending August 10. By the week ending October 5, only 4,062 checks were issued, a drop to slightly more than one-third of the number issued during the peak week ending June 22. Incidentally, seasonal tobacco workers were largely responsible for that peak, which levelled off when the leaf tobacco season started.

In case of self-employed veterans who are not available for referral to jobs, 24,954 claims were filed in May and the number in July was 26,956, the peak. In September 17,804 claims were taken, a drop of 34 percent from July.

Self-employed veterans, since more than 90 percent of them are farmers, showed a further decided drop in the fall, since many of the farm crops reached the market and the incomes of these farmers exceeded the $100 a month, up to which figure the U. S. Government supplements the self-employed veteran's income.

Period	*Weeks Compensated*	*%Change From Prior Month*	*Amount*	*%Change From Prior Month*
July 1-21	79,003	− 4.17	1,578,260	− 4.07
August 1-21	78,205	− 1.02	1,561,467	− 1.06
September 1-21	66,786	−14.60	1,333,038	−14.63
October 1-21	39,314	−41.13	784,653	−41.22

For the most part the unemployed veterans have not been employed following their discharge from the service. In fact a recent study shows that less than 20 percent of the unemployed veterans have had employment following their discharge. For this reason it follows that the cause of the unemployment of veterans is one of adjustment or an eventual absorption into some field of employment that most nearly fits his requirements.

In viewing the veterans unemployment situation it is significant to note that unemployment allowances under the Readjustment Allowance Program may protect the continuously unemployed veteran up to 52 weeks following his discharge, while the protection given to workers under the U. C. Program

(Continued on Page 94)

Trends In Covered Employment, Weekly Wages, 1942-1945

By SILAS F. CAMPBELL, *Director, Bureau of Research and Statistics*

As in World War I, employment in North Carolina during World War II reached its peak about a year earlier than in the country as a whole. This is attributable to the fact that North Carolina produced largely consumer goods to equip the army and supply allied nations. The construction of cantonments and military bases necessary for training troops was also concentrated in this area.

As early as 1941, covered employment in North Carolina for the first time exceeded half a million workers, and in 1942 reached a peak of 591,391, with more than 600,000 during four months of the year. From this point there was a downward trend which was accentuated by the release of approximately 70,000 war workers in August, 1945.

Despite this layoff following V-J day July was the low month of 1945 with 509,352 covered workers. The depressing effect of war contract cancellations was only temporary. By September employment had increased to 527,527, and the year ended with 539,180 in December. Since July 1945 the trend has been consistently upward. The average for the second quarter of 1946 was approximately 540,000.

Although this is 11,000 below the average for 1944, it is 14,000 above the average for 1945, with many employers unable to hire much needed labor. By the second quarter of 1946 employment was only 8.7 parcent below the highest war level.

EMPLOYMENT TRENDS BY INDUSTRIES

Although there was a general decline in covered employment from 1942 to 1945 of 11.0 percent the level of employment in 34 industry groups was higher in 1945 than in 1942. Only in Mining and Construction was there a decline in all sub-divisions of the industry. Both Agriculture and Forestry showed improvement, as did eleven of the sub-divisions of Manufacture, four divisions in the Transportation, Communication and Public Utilities group, six in the Wholesale and Retail Trade group, two in the Financial group and nine out of twelve in the Service industries.

In two of the major war industries in this State, Ordnance and Electrical Machinery manufacture, employment was at a higher level in 1945 than in 1942. Ordnance manufacture was just getting under way in this State in 1942, the average number employed that year being only 769. It reached a peak of 20,487 in March 1944, from which point it declined to 396 in December 1945, but with an average for the year of 6,258.

Only 61 workers were employed in the manufacture of electrical machinery in 1942. However, the manufacture of electrical apparatus for aircraft and ordnance brought employment up to 6,004 in July 1945, with an average for the year of 3,574, only 287 workers being employed in December, 1945.

The increased demand for automobile tires and a let up in the restrictions on rubber brought an increase in employment in the manufacture of rubber products, largely tire recapping, of 494.8 percent in 1945 over 1942, or from 134 workers to 797.

The strain on Street Railway Service was considerably relieved by increased employment of 235.5 percent in 1945 over 1942, while employment in Bus and Taxi Service increased from 2,705 workers in 1942 to 4,465 in 1945.

Wholesome gains were also made in Wholesale Trade, with nominal increases in employment in Retail General Merchandise and Automotive Establishments, while employment in Eating and Drinking Establishments increased by 47.7 percent.

In the Finance group, banks and investment companies experienced increases in employment of 28.5 and 21.4 percent respectively.

INCREASE IN SERVICE INDUSTRIES

There was increased employment in nearly all Service industries. The greatest relative increase was in Trade Schools, which were virtually abolished during the war. Employment in Business Services increased by 33.0 percent, in Personal Services by 16.1 percent, and in Amusement and Recreation industries by 19.7 percent. Employment in Educational Institutions also increased by 11.8 percent.

Among the industries in which employment declines occurred, Construction suffered the greatest loss in volume, with a decline of 74.9 percent, representing a layoff during the period 1942-1945 of 42,111 workers.

Employment in Mining also declined by 21.5 percent. Other industries suffering employment declines in excess of 25.0 percent are, Stone, Clay and Glass, 26.3 percent; Nonferrous Metals, 28.8 percent; Petroleum and Coal Products, 100.0 percent; Water Transportation, 62.9 percent; Lumber and Building supplies, 41.1 percent; Credit Agencies, 37.7 percent; Real Estate Agents, 41.8 percent; Professional Service, 87.9 percent, and Non-Profit Organizations, 73.2 percent.

The result of these fluctuations was that employment in Agricultural Services increased by 66.1 percent; Mining declined by 21.5 percent; Construction, by 74.9 percent; Manufacture by 8.4 percent; Finance, Insurance and Real Estate by 6.1 percent; while Transportation, Communication and Public Utilities increased by 2.6 percent; Trade by 10.5 percent; and Service Industries by 5.4 percent.

TRENDS IN WAGES BY INDUSTRIES

Only in the Construction sub-group of general contract work was there a decline in the average per capita weekly wage between 1942 and 1945. This was occasioned by the layoff of large numbers of highly skilled workers employed in 1942 in the construction of army bases, and here the decline in average weekly wages was only a tenth of one percent.

(Continued on Page 97)

TRENDS IN COVERED EMPLOYMENT AND AVERAGE WEEKLY WAGES 1942-1945

	AVERAGE EMPLOYMENT			AVERAGE WEEKLY WAGE		
	1942	1945	Percentage Change	1942	1945	Percentage Change
TOTAL ALL INDUSTRIES	591,391	526,357	− 11.0	23.75	31.10	+ 30.9
AGRICULTURE FORESTR. AND FISHING	322	535	+ 66.1	18.42	29.64	+ 60.9
01 and 07 Agriculture	289	470	+ 72.2	18.67	29.51	+ 58.1
08 Forestry	33	59	+ 78.8	16.18	31.32	+ 40.4
09 Fishing	[1]	6	[1]	[1]	23.84	[1]
MINING	3,557	2,791	− 21.5	20.83	30.08	+ 44.4
10 Metal Mining	123	107	− 13.0	21.67	37.98	+ 75.3
12 Bituminous and other soft-coal Mining	23	22	− 4.3	25.04	40.28	+ 60.9
14 Nonmetallic Mining and Quarrying	3,411	2,662	− 21.9	20.78	29.64	+ 42.6
CONTRACT CONSTRUCTION	56,214	14,103	− 74.9	37.59	36.51	+ 15.6
15 Building Construction-General Contractors	40,322	6,678	− 83.4	32.96	32.94	− .1
16 General Contractor Other than Building	7,884	2,394	− 69.6	28.79	38.47	+ 33.6
17 Construction Special Trade Contractor	8,008	5,031	− 37.2	27.77	40.32	+ 5.2
MANUFACTURING	386,879	354,191	− 8.4	22.92	31.13	+ 35.8
19 Ordance and Accessories	769	6,258	+713.8	32.01	40.89	+ 27.7
20 Food and Kindred Products	14,485	15,065	+ 4.0	24.39	32.37	+ 32.7
21 Tobacco Manufactures	20,243	23,965	+ 18.4	26.58	34.34	+ 29.2
22 Textile-Mill Products	236,522	204,953	− 13.3	21.71	29.47	+ 35.7
23 Apparel and other finished Products made from Fabrics	8,767	7,873	− 10.2	16.63	23.67	+ 42.3
24 Lumber and Timber Basic Products	30,893	23,524	− 23.9	14.75	21.75	+ 47.5
25 Furniture and Finished Products	28,721	27,038	− 5.9	21.58	27.33	+ 26.6
26 Paper and Allied Products	6,848	6,344	− 7.4	34.00	45.23	+ 33.0
27 Printing Publishing and Allied Products	3,409	3,428	+ .6	33.03	41.88	+ 26.8
28 Chemicals and Allied Products	5,456	5,644	+ 3.4	25.00	34.80	+ 39.2
29 Products of Petroleum and Coal	21	[2]	−100.0	26.00	[2]	[2]
30 Rubber Products	134	797	+494.8	27.40	31.13	+ 13.6
31 Leather and Leather Products	1,648	1,586	− 3.8	24.10	32.64	+ 35.4
32 Stone, Clay and Glass Products	3,889	2,867	− 26.3	21.04	30.04	+ 42.8
33 Iron and Steel and their Products	1,750	2,211	+ 26.3	31.68	39.88	+ 25.9
34 Transportation Equipment (Except Autos)	15,766	12,050	− 23.6	45.12	58.39	+ 29.4
35 Nonferrous Metals	1,429	1,017	− 28.8	34.17	45.49	+ 33.1
36 Electrical Machinery	61	3,574	+ [1]	22.02	35.18	+ 59.8
37 Machinery (Except Electrical)	3,379	3,479	+ 3.0	32.81	38.88	+ 18.5
38 Autos and Auto Equipment	1,042	1,579	+ 51.5	26.29	39.72	+ 51.1
39 Miscellaneous Manufacturing Industries	647	939	+ 45.1	16.77	23.89	+ 42.5
TRANSPORTATION, COMMUNICATION AND OTHER PUBLIC UTILITIES	23,277	23,879	+ 2.6	29.27	37.37	+ 27.7
41 Local Railways and Bus Lines	197	661	+235.5	27.06	36.31	+ 34.2
42 Trucking and Warehousing for hire	8,488	6,776	− 20.2	24.14	34.69	+ 43.7
43 Other Transportation Except Water	2,705	4,465	+ 65.1	34.19	42.41	+ 24.0
44 Water Transportation	143	53	− 62.9	5.84	31.00	+430.8
45 Services allied to Transportation N. E. C.	426	548	+ 28.6	20.24	27.49	+ 35.8
46 Telephone and Telegraph	5,412	5,942	+ 9.8	28.56	34.82	+ 21.9
48 Utilitices: Electricity and Gas	5,891	5,422	− 8.0	32.16	40.58	+ 26.2
49 Local Utilities and Public Services, N. E. C.	15	12	− 20.0	20.50	31.91	+ 55.7
WHOLESALE AND RETAIL TRADE	85,416	94,397	+ 10.5	22.17	29.60	+ 33.5
50 Full-Service and Limited Function Wholesalers	15,369	20,647	+ 34.3	25.73	33.19	+ 29.0
51 Wholesale Distributors other than Full-Service and Limited-Function Wholesalers	12,408	13,816	+ 11.3	36.44	41.49	+ 13.9
52 Wholesale and Retail Trade N. E. C.	3,264	1,921	− 41.1	26.08	32.09	+ 23.0
53 Retail General Merchandise	22,873	24,649	+ 7.8	13.98	20.31	+ 45.3
54 Retail Food and Liquor Stores	6,874	6,541	− 4.8	18.06	26.46	+ 46.5
55 Retail Automotive	5,371	5,587	+ 4.0	27.52	40.93	+ 48.7
56 Retail Apparel and Accessories	5,079	4,960	− 2.3	17.21	27.25	+ 58.3
57 Retail Trade, N. E. C.	8,806	8,962	+ 1.8	25.22	32.23	+ 27.8
58 Eating and Drinking Places	4,456	6,583	+ 47.7	13.53	18.99	+ 40.4
59 Retail Filling Stations	916	731	− 20.2	22.17	31.55	+ 42.3
FIANANCE, INSURANCE AND REAL ESTATE	10,378	9,741	− 6.1	34.62	43.05	+ 24.4
60 Banks and Trust Companies	2,848	3,457	+ 21.4	34.33	40.69	+ 18.5
61 Security Dealers and Investment Brokering	137	176	+ 28.5	49.87	85.02	+ 70.5
62 Finance Agencies, N. E C.	879	548	− 37.7	33.87	40.84	+ 20.6
63 Insurance Carriers	4,707	4,372	− 7.1	39.12	46.56	+ 19.0
64 Insurance Agents, Brokers and Services	319	286	− 10.3	36.53	39.04	+ 6.9
65 Real Estate	1,353	788	− 41.8	18.34	26.92	+ 46.8
66 Real Estate, Insurance LoansLaw Offices: Any Combination	132	111	− 15.9	30.33	46.65	+ 53.8
67 Holding Companies (except Real Estate)	3	3	0	28.24	46.92	+ 66.1
SERVICE INDUSTRIES	25,348	26,720	+ 5.4	18.89	23.30	+ 23.3
70 Hotels, Rooming Houses, Camps	4,466	4,491	+ .6	12.31	18.77	+ 52.5
72 Personal Services	11,791	13,685	+ 16.1	14.69	20.82	+ 41.7
73 Business Services, N. E. C.	1,056	1,405	+ 33.0	34.59	42.26	+ 22.2
74 Employment Agencies and Commercial and Trade Schools	43	108	+151.2	18.21	27.80	+ 52.7
75 Automobile Repair Servce and Garages	773	842	+ 8.9	23.40	34.90	+ 49.1
76 Miscellaneous Repair Service and Hand Trades	858	920	+ 7.2	36.23	39.46	+ 8.9
78 Motion Pictures	2,792	3,343	+ 19.7	19.96	22.53	+ 12.9
79 Amusement and Recreation and Related Services, N. E. C.	930	941	+ 1.2	16.08	20.16	+ 25.4
80 Medical and Other Health Services	644	622	− 3.4	18.35	24.54	+ 33.7
82 Educational Institutions and Agencies	34	38	+ 11.8	19.81	25.02	+ 26.3
83 Other Profession and Social-Service Agencies and Institutions	1,289	156	− 87.9	44.89	45.51	+ 1.4
86 Nonprofit Membership Organization	672	169	− 73.2	28.04	45.20	+ 61.3

[1] No. covered employment in 1942

[2] No. covered employment in 1945

Apprentice Training Being Revived In N. C. Industries

By M. R. DUNNAGAN, *Informational Service Representative*

Apprentice training, second only, in point of time, to house work as a method of developing skilled artisans, is experiencing a revival in North Carolina since V-E Day, after almost complete stoppage during the active war period, due, in large measure, to the provisions of this type of training in the G. I. Bill of Rights.

It is a matter of record that King Solomon started the work on his great Temple with 33,000 apprentices, men who became fellowcrafters and later master workmen as their skills increased.

History reveals that many of the best known individuals of all time served their apprenticeships and went on to carve their names high in the records of world accomplishment. Michael Angelo started his training at the age of 13. Rembrandt was apprenticed as an architectural painter. William Caxton, England's first printer, was an apprentice.

In America, it is revealed that Benjamin Franklin, at a tender age, was apprenticed to a printer in Boston. Paul Revere served an apprenticeship to become a silversmith before he made his famous ride. The late Walter Chrysler, and William S. Knudsen, modern figures, were apprentices. Even in North Carolina one shining example of the success of apprentice training is former Governor and now U. S. Senator Clyde R. Hoey who served his time as "printer's devil" in Shelby and Charlotte before becoming a successful publisher.

Although apprentice training for higher skills has been in vogue longer than history records, it has been neglected in recent years, to such an extent that the skilled artisans have been passing out of the picture more rapidly than they have been recruited, leaving many unfilled places. Just as the nation is now realizing that it must sponsor reforestation and land reclamation to prevent denuded forests and lands, it is also realizing that apprentice training must be supported and encouraged to keep alive the skills it requires years to master.

Congress, in its wisdom, has seen fit to foster and assist in apprentice training, specifically for returning war veterans, through the G. I. Bill of Rights. The Veterans Administration provides for allowances of $65 a month to a single veteran or $90 a month to veterans who are married or have dependents, in addition to contract wages paid by the employer. Also, the veteran receives tools needed in the perfection and completion of the trade as he and his employer agree he should have.

This is one of the recent evidences that the people of the United States are recognizing that much of the nation's wealth and power is due to the ingenuity and the skill of its craftsmen, and one of the steps taken to encourage its younger men, and especially returning war veterans, to enter training to take the places of the rapidly depleting ranks of artisans in many sorely needed skills.

The 1940 Census revealed that at that time the skilled labor force in the entire nation was only 5,400,000 persons. To maintain that force, with no allowance for expansion, it would require that 105,000 apprentices complete their apprenticeship training each year Since four years may be considered an average period for such training, it would require that 420,000 apprentices should be in training at any given time, with no allowance for turnover, in order to keep the normal ranks filled.

During the war period, it was found that the nation was woefully lacking in skills of proper types to produce its machines, guns, tanks, airplanes, ships and other war demanded equipment. It became necessary, in many instances, to "break down" the skills and divide up the work so two or three men could perform the duties of one skilled artisan. That was another reason for the realization that it would be necessary to encourage and support the apprentice training program in order to develop more skilled craftsmen to supply the requirements of the nation.

North Carolina, for several years, has had a splendid apprentice training law and program. Under the law and under direction of the State Apprenticeship Council which it created, minimum standards, conforming to Federal standards, have been set up. All apprenticeship programs must meet minimum requirements as to pay, hours, working and other conditions. A standard form of indenture, or agreement, is entered into by the employer and the apprentice, with approval by the State Apprenticeship Council.

North Carolina's apprentice program is operated as a division of the State Department of Labor. Forrest H. Shuford, State Commissioner of Labor, is chairman; George Coggins, State Director of Trade and Industrial Education, is vice-chairman, and Clarence L. Beddingfield is State Director. Management and Labor are equally represented in the Council's membership. Labor members are E. D. Faires, Charlotte; Harry G. Waynick, Greensboro, and E. T. Dorrity, Winston-Salem, and the management members are A. J. Fox and L. P. Kennedy, Raleigh, and R. M. Kerman, Wilmington.

In addition, the Federal Government has in North Carolina under the U. S. Department of Labor and working with Ernest C. McCracken, State Director of the United States Employment Service in North Carolina, an area supervisor, R. E. Paschal, with headquarters in the Caswell Building, Raleigh, and two field representatives, J. B. Archer, Charlotte, William M. Chisholm, Winston-Salem. Mr. Paschal with the two field representatives and Mr. Beddingfield cooperate in activities throughout the State. They promote apprentice training, prepare standards for each type of training and offer a follow-up service in an advisory capacity with apprentices and employers. They do not dictate, but consult with employers as to

their relations with apprentices, and are available for help or suggestions when called upon.

During the past eighteen months, due to the impetus given the program by the provisions for help under the G. I. Bill of Rights, the field representatives and Mr. Beddingfield have had approved and certified (by December 31) about 450 North Carolina firms as suitable for giving apprentice training, with an average of four apprentices each. In practically all cases, or as the employer and the apprentice may agree, school training is offered to apprentices to supplement their mechanical training.

Chief distinctions between apprentice training and vocational training is the difference in time required for the training and the extent of the skills achieved. In apprentice training, the time required for mastery of a skill varies from two to as high as seven years. In vocational training or education the time required is usually two years, or even less in some cases requiring more modest skills. For example, it requires seven years to master the skills required of a die sinker and five or six years to develop an efficient printer or compositor. Many individuals can become reasonably proficient as clerks or sales persons within six months or a year.

More than 100 different types of skills are available for apprentice training in North Carolina and the numbers will be extended as more of the many firms which are now qualified to give this class of training are certified and approved for giving training in skills required in their plants In fact, it can be said that in practically any industry in operation in the State some type of skill is used and can be acquired through apprenticeship training.

A few readily recognizable industries in which several types of skills are needed every day and every hour include textiles, in which loomfixers, machinists and general maintenance mechanics are required; dairying, which requires refrigeration mechanics and millwrights; railroads, needing machinists, electricians, carpenters, steel and iron workers, foundrymen, plumbers, steam fitters, blacksmiths and boiler workers. These examples could be multiplied many times.

In the list of more than 100 types of skills which are available or can be made available are practically all of those which are in demand in North Caroina and which must be developed to meet the demands of post-war development in the State Alphabetically this list, subject to change, follows:

Airplane mechanic, artificial limb maker, asbestos worker, automotive mechanic, baker, barber, bookbinder, blacksmith, boatbuilder (small wooden), boilermaker, brace maker, general; brickmason or bricklayer, business-machine mechanic, butcher, cabinetmaker, carmen, railroad; carpenter, carpenter, ship; cement finisher, chef or cook, compositor or printer, coppersmith, coremaker, cosmetician, dental technician, designer, die; designer, tool; diamond sawyer, diamond lopper, diamond brilliandeerer, die maker, die sinker, draftsman, dressmaker (custom);

Electrician: aircraft, construction, industrial, maintenance, lineman; electroplater, elevator me-maintenance,lineman;electroplater, elevator mechanic, engineer, wood treating; engraver, glass blower (nonmechanical), glazier, glove cutter, table; goldsmith, instrument maker, instrument mechanic, iron worker, structural; iron worker, ornamental; jeweler, jog builder, joiner, lather, metal; lather, wood; lead burner, lens grinder, linoleum, carpet and soft tile layer; loom fixer;

Machinist: aircraft, automotive, marine, railroad, shipyard; meat cutter, mechanic, maintenance; millman, millwright, model maker (jewelry, aircraft, etc.), molder, mold maker, jewelry; motor repairman, electric; operating and stationary engineer; painter, paperhanger, patternmaker (metal-wood), pipefitter, plasterer, plumber, pressman, printing; radio repair and service mechanic, refrigerator, rigger, sewing machine mechanic (garment industry);

Sheet metal worker: aircraft, automotive, construction, industrial, shipfitter, shipwright, ship lofts-

(Continued on Page 93)

WILL DEPRESSION GIVE SOCIAL SECURITY TEST?

(Editorial, The Raleigh (N.C.) Times, November 13, 1946)

Assertion by Social Security Commissioner Arthur J. Altmeyer that this country has seven billion dollars on hand to fight any possible depression is heartening in most ways, if somewhat discouraging in its basic premise that a depression in the near future really is possible, and perhaps probable.

At a time of peak employment like the present, Social Security payments have come in for substantial criticism on the ground that they have encouraged voluntary unemployment, with a consequent decrease in production. Yet, a substantial number of the recent Social Security disbursements have actually been necessary, and those who have drawn unemployment compensation payments needlessly will suffer later, if and when a recession or depression takes shape.

Social Security, like other Federal agencies, is supported by taxes, and unlike some other agencies is at present showing that all the money paid in by the taxpayer is not going to finance current governmental functions.

The operations of Federal agencies are highly ramified, and not always understandable to the man in the street, yet the wisdom of building up an adequate Social Security fund should be apparent to everyone. Personal and national prosperity alike suffer their ups and downs, and the only way to prepare for the future is to accumulate funds in a time of comparative prosperity.

Perhaps the future will show that contributions to Social Security at the present level are too high, yet the only wise policy is one of deliberate overestimation. If and when a new depression comes, Social Security will get a practical test, and a guide to changes in the system can be established on the basis of actual facts, rather than untested theories.

Where Are The Workers In North Carolina Industries?

By BENTON BRAY, *Former Director, Reports and Analysis Division, Employment Service Division*

Where can we find workers to man our new textile plant? Is there available space in your town for a shirt factory? Do you have enough trained loopers to open a new hosiery mill? Can we staff a plant employing two thousand people by the first of the year? All these questions represent the post-war cry of both old and newly established industrial firms in North Carolina. Never before in this State's economic history has there been such a degree of expansion. Not only are North Carolina firms and capital interested in this State's economic future but also outside interests are looking toward this State for future plant sites. This means that Chambers of Commerce, trade associations, enterprising civic leaders and, in general, all those who are interested in the growth and welfare of North Carolina are desirous of the latest labor information. It is a well established fact that North Carolina has certain definite factors, as tobacco, cotton, electric power and capital, to offer industry. But the questionable factor today is the quantity and trained quality of the ever-fluctuating labor force in North Carolina.

Realizing the necessity of giving to industry the best possible information, the Employment Service has adopted as one of its cardinal points in the post-war program that of furnishing labor market information. During the war, labor market information was in general treated "confidential" and rightly so. Now these valuable data are and must be given to the employers, civic and local planning groups, schools, labor unions, and other government agencies. This means that the Employment Service is placing the problem of furnishing labor information to the public on a plane equal to the placement of job applicants and the furnishing of special services to veterans.

Likewise, as a part of the cooperation between the Employment Service, United States Department of Labor, and the various states in the establishment and maintenance of the national system of public employment offices is the development and maintenance of labor market information. One of the standards of operations by the states of the employment offices is the maintenance through the state administrative offices and the local offices of effective labor market information. This information is to be analyzed and issued publicly for the information of all people on current labor market developments, on employment trends, and on the opportunities for employment.

It naturally is good business for this government agency to furnish to the public, and especially the industries of this State, valuable and reliable information that cannot be collected and disseminated profitably by private interests. By furnishing this information, this agency is able to build up good will and prove to North Carolina that it is the primary objective of the Employment Service to render whatever aid is possible for local industry.

How is it possible that the Employment Service can secure such valuable information? There are, at this time, 78 employment and claims-taking offices in North Carolina. These offices touch every county, every town in North Carolina. The people in these offices are professionally trained to know economically and realistically their areas. Into these offices yearly more than two million people go requesting job information, filing claims for Unemployment Compensation, asking for veteran information, and seeking jobs. In one month more than three hundred employers will visit these offices to talk labor problems. It is from these offices that the State administrative office of the Employment Service secures labor market data and it is back in these many local communities that the Employment Service personnel use the accumulated economic information.

Through the cooperation of approximately four hundred employing units in North Carolina, representing a quarter of a million workers, the Employment Service every two months secures labor trend reports. These reports show employment data for: the current month, two months previous and anticipated employment in two, four, and six months. Also, from these reports it is possible to gain such labor facts as turnover, the uses of female and non-white workers, as well as the transportation, housing, and salary problems. From these ES-270 reports the Agency is able to analyze scientifically and to picture graphically the status of employment by industry, by months, and by areas.

News letters, commonly known as Labor Market Digests, are prepared periodically by the local offices. These letters reveal on a single page the supply, demand, and related problems of labor in the area. The basis of these letters are the active files of job applicant, of labor trend data, of job openings, and of the other significant economic factors in the community.

Besides collecting and analyzing these data and issuing the reports, there are often special studies relating to the problems and requirements of the day. These studies may reflect industrial labor problems (currently the construction industry) or they may picture the movement of labor between areas.

This agency hopes that to a degree through its labor market information it will be possible for all persons interested in North Carolina's future to remain awake, alert, and attuned to the daily changing pattern of not only the State's but also the nation's labor problems. The successful continuation of our democratic system of free enterprise depends in a large manner on a well informed people.

During Senate debate on the Full Employment Bill, several Senators asked on the floor in effect "What does liberty mean to a man whose wife and children are hungry?" Patrick Henry must have turned over in his grave.—Senator Joseph H. Ball.

Coal Mine In North Carolina Expected to Produce Soon

By Bill Sharpe, *Director, State News Bureau*

Large-scale development of the Deep River coal field, located eight miles from Sanford, appears imminent. Development will be by Walter A. Bledsoe Coal Company, of Terre Haute, Indiana, and its associates in this venture, John Marshall and associates, successful coal mining organization of Scranton, Pa., which operates under the name of Greenwood Mining Company.

The major portion of the proven Deep River field has been acquired, either by outright purchase or lease, by the Bledsoe Company, which is the third largest coal producing organization in the United States. Work has started in the field and it is expected that within a few months 500 tons of coal a day will be produced from the old Carolina Slope, which is located in the heart of the field.

Entrance of the Bledsoe Company, with its experience and record of accomplishment, in the Deep River field is hailed as marking a real milestone in the industrial development of North Carolina. Industrial engineers of the State have keenly felt, in the past, a lack of a closeby source of fuel. Coming of the Bledsoe interests climaxes more than three years of intensive effort on the part of the Department of Conservation and Development, to bring about large-scale operations, by an experienced coal mining company, in the field.

During the past two years, while the Bledsoe Company was formulating its plans for a North Carolina project, the State has been visited many times by W. S. Webster, vice president and general manager of Walter A. Bledsoe and Company, and several top engineers of the company.

In 1943 a special survey of the coal field was made by the H. A. Brassert Company and C. C. Morfit, of New York, coal consulting engineers, employed by the Department of Conservation and Development. They filed a report showing the Deep River field had an indicated reserve tonnage of 46,000,000 tons of coal. Since that time, core drilling tests by the United States Bureau of Mines and the Bledsoe Company, participated in by the N. C. Division of Mineral Resources, confirmed these estimates and indicated even greater reserves.

The Deep River coal deposits have been mined intermittently and largely unsuccessfully since before the American Revolution. In 1925, in the midst of perhaps what was the most successful financial venture, 53 miners were killed in a mine explosion which rocked the communities of Cumnock and nearby Gulf. Two years later, while convict labor was being used in the mine, there was a less serious disaster, following which the Carolina Slope and other operations in the field were abandoned.

In 1942 the Coal Products Company of Sanford, then a newly organized corporation, started pumping out the old workings as the initial step toward putting the mine back in production. For various reasons this operation lagged and full production was never reached. Its interests have been taken over by the Bledsoe Company.

Tests run by the United States Bureau of Mines show that Deep River coal has a B. T. U. content of 14,200, and, if the coal is coked, will yield 22 gallons of tar per ton, and 30 pounds of ammonia sulphate per ton, a "content comparing favorably with the well-known Freeport, Pa., coal." The Brassert report says the coal has good coking properties, is suitable for domestic and other fuel uses, and that a "relatively large number of by-products" can be recovered.

The coal occurs in two seams, sandwiching a layer known locally in the Sanford area as "black band." This black band is largely composed of iron carbonate and phosphorous. In early operations the "black band" was mined along with the coal, and the composite was difficult to use, resulting in a definite local prejudice against it which was not altogether dispelled, locally, by successful tests in the fire boxes of locomotives on the famous, State-owned "Mullet Line" Railroad operating between Goldsboro and Morehead City.

Combustion engineers, however, report that with proper separation the Deep River coal makes an excellent fuel, suitable for most usages. The Brassert report confirms this and further points out that with utilization of modern mining methods and installation of modern safety equipment a mine in the Deep River coal field is no more hazardous than coal mines in any other fields.

The field lies in three counties—Chatham, Moore, and Lee.

Present operation plans of the Bledsoe-Marshall group call for enlargement and modernization of the old Carolina Slope as presenting the quickest production possibilities. A certain amount of supervisory personnel, experienced in coal mining, is now being brought in from other coal mining areas. There should be considerable employment, however, for local labor. Large scale mining operations in the field is expected to revitalize the towns of Gulf and Cumnock, particularly the latter, and will be felt even in Sanford.

Unemployment compensation is based on the philosophy that employment, not unemployment, is the goal to be attained.—Ohio Supreme Court in Harvey Chambers Case.

One of the outstanding needs of the present is nation-wide realization that the time for talk and subtle maneuvering has passed and we must get down to work.—L. Ray Buckendale.

Maritime Workers Covered; Greenhouse Workers Exempt

By R. B. Billings, *Senior Attorney*

Two topics which we propose to discuss relating to the administration of the unemployment compensation program in this State may be of some interest to subject employers and covered workers at this time. These are:

(1) Coverage of maritime workers under the Unemployment Compensation Law in consequence of the recent amendment to the Federal Unemployment Tax Act passed by the Congress wherein the services of officers and members of the crew of a vessel operating on navigable waters of the United States were brought within the definition of employment as set forth in the Federal Act.

(2) An interpretation of "agricultural labor" with respect to services performed by individuals in greenhouse operations as set forth in a recent opinion rendered by the Commission during August of this year.

MARITIME COVERAGE

Prior to August 10, 1946, the Federal Unemployment Tax Act specifically excluded from the definition of employment in the Act, service performed as an officer or member of the crew of a vessel on the navigable waters of the United States. This was equally true of the Unemployment Compensation Law of North Carolina, except in the section of the North Carolina Law excluding from coverage this type of service, there was a proviso which in effect included such service in covered employment from and after the effective date of any amendment to the Federal law which would include this type of service under the coverage of the Federal act.

On the date above mentioned, the Congress of the United States passed an amendment to the Federal Unemployment Tax Act, effective July 1, 1946, wherein the several states are permitted to tax services of officers or members of the crew of a vessel operating on the navigable waters of the United States, if the operations of the vessel are ordinarily and regularly supervised, managed, directed, and controlled from an operating office maintained by an employer in the particular state. This permission is subject to the conditions (1) that such service, for the purpose of wage credits to the employees, is treated in the same manner as other services, and (2) that the same limitations apply which pertain to the rights of the states to require contributions from Federal instrumentalities.

The provision in the North Carolina Act referred to above, automatically brings within the definition of employment contained in the law those services which the amendment to the Federal Unemployment Tax Act brought within the definition of employment under the Federal statute. Therefore, a person who is maintaining an operating office in this State from which the operations of an American vessel on the navigable waters within or within and without the United States are regularly supervised, managed, directed, and controlled, is liable to pay contributions under the Unemployment Compensation Law with respect to wages earned by the officers or members of the crew of such vessel.

The fact that this particular type of service performed by officers or members of the crew of a vessel operating on the navigable waters of the United States is brought within the provisions of the definition of employment as contained in the Unemployment Compensation Law of North Carolina does not in any manner change the requirements under the law with regard to the minimum number of workers and the number of weeks in which such individuals must perform services before an employer becomes liable under the Act for contributions on wages earned by them. The citizenship or residence of either the employer or the individual performing the service is immaterial insofar as the service being "employment" is concerned. Service must be performed either within the United States, or on or in connection with an American vessel under a contract of service which is entered into within the United States or during the performance of which the vessel touches port in the United States. Service performed by a member of a crew or other employee, whose contract of service is not entered into within the United States, and during the performance of which the vessel does not touch a port within the United States, does not constitute employment, notwithstanding similar services performed by others on or in connection with the vessel may constitute employment.

Certain services are excepted from employment under the amendment. Services performed by an employee which are performed on or in connection with a vessel, not an American vessel, are exempted if the employee is employed on or in connection with such vessel when outside the United States. The term "American vessel" is defined by the law as being any vessel documented or numbered under the laws of the United States, and includes any vessel which is neither documented or numbered under the laws of the United States nor documented under the laws of any foreign country, if its crew is employed solely by one or more citizens or residents of the United States or corporations organized under the laws of the United States, or of any state.

Services performed by an individual in the catching, taking, harvesting, cultivating, or farming of any kinds of fish, shellfish, (for example, oysters, clams, and mussels) crustacea, (for example, lobsters, crabs, and shrimp) sponges, seaweeds, or other aquatic forms of animal and vegetable life are excepted. These exemptions extend to services performed as an officer or member of the crew of a vessel, which vessel is engaged in any such activity, whether or not the officer or member of the crew is himself so engaged. These types of service mentioned are not excepted from coverage if such ser-

vices are performed in connection with a vessel of more than ten net tons, the tonnage to be determined in the manner for determining the registered tonnage of merchant vessels under the laws of the United States. It is further provided that all services performed on any size vessel, whether less than ten tons or not, which are performed in connection with the catching or taking of salmon or halibut for commercial purposes do not come within the exemptions, such services being covered under the law. This, of course, will be of no effect in North Carolina since there is no salmon or halibut fishing carried on in our waters.

The increase in the number of covered workers brought within the coverage of the Act as a result of including maritime workers thereunder will be very small, the amendment affecting mostly those individuals engaged in the menhaden fishing industry in this State.

AGRICULTURAL LABOR

Agricultural labor is exempted from unemployment payroll contributions under all state unemployment compensation laws as well as under the Federal Unemployment Tax Act. This particular type of service was originally exempted from coverage under the various state laws and the Federal law because of the great administrative difficulties and the costs involved in applying the law to this particular type of service.

The Unemployment Compensation Law of this state merely exempts "agricultural labor" and does not define the term. The duty of applying this exemption falls upon the Unemployment Compensation Commission, and at times presents a difficult problem. In determining what constitutes "agricultural labor" the Commission considers the facts existing in each particular case, and has generally adopted what is known as the "farm concept theory" in reaching its decisions, its opinions centering around what constitutes a farm in the ordinarily accepted sense, and whether the services performed are incidental to ordinary farming operations. The Commission recognizes, however, that in present day business methods many activities formerly embraced in farming operations or in intimate connection therewith have become specialized and removed from the farm, and when this is accomplished such work may properly be regarded as thereby becoming industrial in nature rather than agricultural in the common conception of that term.

GREENHOUSE WORKERS EXEMPT

Since an amendment to the Social Security Act in 1939, a number of the state laws, as well as the Federal law, have defined what constitutes "agricultural labor," and have included in such definitions all services performed on a farm in the employ of any person in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural commodity. Such definitions usually provide that the term "farm" shall include nurseries and greenhouses. Although the Unem-

(Continued on Page 94)

VETERANS REFUND ALLOWANCES IN CONCURRENT PAYMENTS

Refunds of $12,298 by 227 World War II veterans had been made through October 9 in servicemen's readjustment allowances to the State Unemployment Compensation Commission, representing payments made for periods in which veterans were also drawing subsistence or remuneration while in school or on-the-job training under the G. I. Bill of Rights.

Demand has been made for refunds of approximately $54,520 from 976 veterans, $20,000 from 103 self-employed and $33,920 from 873 unemployed veterans, during recent weeks, as a result of which the 227 veterans refunded $12,298. Refunds are received daily by the UCC and demands for refunds go out to veterans daily.

Only a few of these veteran claims for self-employment and unemployment allowances were made with intent to defraud the U. S. Government, Chairman Henry E. Kendall points out. Occasionally veterans were filing claims for unemployment or self-employment while their on-the-job or institutional training papers were in process. A few of these veterans entered on-the-job training or went to a school or college and their remuneration or subsistence was delayed for a few weeks, during which they continued to file unemployment claims.

In the routine process, schools and colleges, as well as firms conducting on-the-job training, submit reports on all veterans to the Veterans Administration Regional Office in Winston-Salem. Reports of this information are sent to the UCC. The UCC, in turn, must check all of the school or on-the-job training veterans reported against the records of all veterans drawing unemployment or self-employment allowances. It is in this checkup that those who draw concurrent payments are discovered and demand for refund of the readjustment allowance payments is made.

Some of the veterans upon whom demand is made for refund enter appeals from the demands, as is their privilege. Through October 9, appeals had been filed by 116 veterans. These cases are heard by UCC appeals deputies and decisions rendered in accordance with findings of fact.

"It is well to remember," said Chairman Kendall, "that veterans who draw allowances to which they are not entitled are required to refund the amounts drawn, whether there is evidence of fraud or not. We believe that fraud can be established in only a few of these cases. Our records indicate that when a veteran in school or in-the-job training gets his subsistence or remuneration, he stops filing claims for unemployment or self-employment allowances. A very small percentage continue filing and making fraudulent statements. In these, of course, the record will be turned over to the Veterans Administration for prosecution or whatever action the U. S. Attorneys may take."

Millions Involved In Veterans' Readjustment Allowances

By M. R. DUNNAGAN, *Informational Service Representative*

Administering the Servicemen's Readjustment Allowances program, as provided in the G. I. Bill of Rights, and delegated by the U. S. Veterans Administration to the Unemployment Compensation Commission of North Carolina, really takes its place in classification as "big business".

Operation of this program actually began in September, 1944, at a time when the nations of the earth were still engaged in death grapple, and only a few veterans of that world conflict had been released from the service—usually those with physical or other disabilities.

Since September 14, 1944, when unemployment allowances actually became available, and since November, 1944, when self-employed allowances first became available (for self-employment during the preceding month of October) approximately 125,000 World War II veterans in both classifications had been paid through September, 1946. 35,887,738 by the State UCC, for which it received reimbursement daily from the Veterans Administration.

UNEMPLOYMENT ALLOWANCES

Servicemen's Readjustment Allowances for unemployment, starting low in the last four months of 1944 and remaining moderate during most of the year 1945, but increasing monthly, reached the highest peak during the week ended June 29, 1946, when 27,644 veterans drew $613,120 in unemployment allowances. However, the weekly average payments in June reached only 23,841 whereas the August average was 24,581 payments a week. During the entire month of August 105,697 payments were made, aggregating $2,277,303.00.

During the entire period of unemployment allowances, from September 14, 1944, through September, 1946, slightly more than two years, readjustment allowance payments aggregated $19,293,130.00, in payment for 975,000 weeks of unemployment. During that period the average weekly payment was approximately $19.75, as compared with the maximum of $20 a week. This indicates that only a few of the veterans reported earnings for any week for which a claim was filed, and only small amounts of odd-job or part-time earnings were reported.

Records show that slightly more than 94,000 new claims for unemployment had been filed in the two years, indicating that only 94,000 of the approximately 320,000 veterans who had been discharged in North Carolina were unemployed at some time since their discharge that is, only 28.1 percent of the discharged veterans have filed claims for unemployment, and probably slightly less than that percentage and number actually received unemployment benefits.

New claims filed by unemployed veterans, those filing the first time, reached their peak in January, 1946, following the period in which the rate of discharge from the armed forces was greatest, when 12,461 new claims were filed in one month. The rate of new claims has continued to drop gradually, but definitely, until they had declined to 6,023 in August and 3,012 for September. This is less than one-fourth of the peak week in January.

Continued claims, those filed after the first claim has been filed, representing weeks of unemployment and as a result of which the veteran may reasonably expect to receive allowance checks, reached their peak for a normal week during the week ended May 4, 1946, with 29,975 continued claims. Two other weeks had higher figures for continued claims, but in both cases the weeks preceding contained holidays and veterans due to file claims on those days were allowed to file them on the same week-day during the following week. In the week ended July 13, (July 4 holiday) 31,022 continued claims were filed, and for the week ended May 18, (May 10 holiday) 30,272 continued claims were filed. From the normal week peak of 29,975 for the week ended May 4, the weekly claims load dropped to 12,160 for the week ended October 26. This reflects a decrease of 59.4 percent in con-

This group is engaged in processing claims for veterans in the Central U. C. C. office in Raleigh. Bendinf, at extreme left, is John R. Branham, Jr., Administrative Assistant. Along the right wall, left to right, are: W. Tom Arthur, seated in front of Ben E. Woodall and J. Wilbur Peacock, standing, supervising claims examiners in the Veterans program.

Checks for veterans are being prepared by this group of workers in the Central U. C. C. building in Raleigh. Standing, *left, is E. S. Pearce, assistant auditor, and, right, W. H. Pitman, chief auditor of the U. C. C.*

tinued claims from the peak, and a decline to the approximate weekly average in January, 1946. Continued claims have averaged approximately 9,200 a week for the 106 weeks of the program through September, 1946.

SELF-EMPLOYED ALLOWANCES

October, 1944, was the first month for which self-employment allowances were payable, but, due to the beginning of this program, several veterans did not file claims for that month until November and December. The result of this and the fact that the first Readjustment Agent for North Carolina, Cale K. Burgess, Raleigh, did not begin his duties until January 1, 1945, first checks in this program reached the self-employed veterans claimants in that month.

Preparatory work in getting vouchers ready for the self-employed veterans was done in Mr. Burgess' office in the Caswell Building, the position having been taken over by Col. A. L. Fletcher, former chairman of the UCC on May 1, 1946, and checks were actually written in Richmond, Va. and mailed to the claimants from the U. S. Treasury Disbursing Office in Richmond, Va. As of October 1, 1946, this work was taken over and performed by the State UCC and checks have since been prepared and mailed from this office directly to the self-employed veterans, as has been the case from the beginning with the unemployment claims and checks.

The self-employment program is different from the unemployment program in that the claimant is self-employed, conducting his own business or office. The veteran filing a claim for self-employment is not available for placement in another job. He has a job and claims only difference between what he earns or receives as profit in his business or profession and $100 a month The Veterans Administration supplements his income while he is attempting to establish himself in his business, industry or profession.

This program lasts for only 10.2 months, not necessarily consecutive, however, for any self-employed veteran, since the rules require that when a self-employed veteran files a claim and receives a monthly allotment, he is charged with five weeks of the 52-weeks period in which he may draw these allowances. Also, if the self-employed veteran earns something, but not the full $100, in any given month, his allowance is reduced, but he is also charged with five weeks of allowance even though he may have received only $25, or $40 or $50.

While self-employed veterans in many classifications, professional, business, industry, or other, are eligible to claim allowances under this program, it so happens that in North Carolina from 90 to 95 percent of the claimants have been farmers. Also, because they were receiving aid while producing their crops, the number has dropped considerably during the fall months, in which their crops were being marketed and they were receiving income from their earleir labors.

ALLOWANCES TO SELF-EMPLOYED

Since he self-employment program started about two years ago veterans have received $16,594,608, compensating them for 168,725 months of self-employment, through September, 1946, or in about two years. Since the monthly allowance averaged $98.35, out of a possible $100, it is evident that very few self-employed veterans reported any income, and those who did report income reported very little.

Slightly more than 31,000 veterans had filed self-employment claims in the two years of the program, through September, 1946. When it is recalled that about 320,000 North Carolina veterans have been discharged from the armed forces, it is apparent that just about 9.4 percent of those discharged have filed claims for self-employment allowances.

Peak of the self-employment payments was reached in May, 1946, in which month $3,782,089 was distributed as full or partial allotments for 38,340 months of self-employment. In June $2,460,635 was paid in allotments for 24,958 months, while in July another upward spurt was recorded, when $2,954,138 was paid for 30,039 months. The drop since has been extensive. In August $2,549,817 was paid for 25,962 months; in September, $1,594,155 was paid for 16,341 months; and, in October a new low was recorded, $1,132,614 for 11,940 months.

INVESTIGATED AND DISALLOWED

Not every veterans is allowed to collect on every claim he files In the slightly more than two years, through September, 1946, during which allowances were available, approximately 42,000 claims have been investigated by USS claims deputies.

In case of the claims of unemployed veterans, claims deputies disallowed 23,199 weeks of allowances, and disallowed 3,094 self-employed claims when they were filed. They also disallowed an additional 3,054 months of continued claims for self-employment filed.

In about two years 1,479 cases were appealed from the decisions of the claims deputies in cases of unemployed veterans and 849 cases were appealed in cases of self-employed veterans, making a toal of 2,122 cases that have gone up to appeals deputies for further investigation and determination.

STEPS OF VETERAN CLAIMANTS

The first step taken by the veteran seeking unemployment allowances is to report to his nearest Employment Service office, where he registers for work. He must continue to report to this office each week for any available work If no work is available immediately he is referred to the UCC claims taker, who interviews him and makes out his claim for an allowance. If the claims taker has any question as to the validity of the claim, he refers it to the UCC claims deputy for an investigation. If the claims deputy approves the claim, or if the claims taker is satisfied in the first place of its validity, the claim is forwarded to the State UCC office where it is processed and a check is issued to the unemployed veteran.

Claims received in the State UCC offices are broken down into small batches and assigned to individual claims examiners. If the examiner finds that the claimant is qualified and his claim is in order, he approves the claim and routes it to the accounting department, where an addressograph plate is made, bearing the name, address and serial number of the veteran.

A separate ledger account is set up for each claimant and the weeks of entitlement are computed, ranging from four weeks, for some disabled veterans, with less than three months service, to 52 weeks. The information is sent to the check-writing division, where the check is made out by a semi-automatic process. All checks thus processed go by messenger to the State Auditor's office where the amount is imprinted on the check and the signature of the State Auditor added to that of Chairman Henry E. Kendall. Checks are returned to the UCC office and mailed to the veterans daily.

The UCC is serious in its desire to pay Servicemen's Readjustment Allowances to all veterans to whom such payments are due, in furthering the policy and plan for which the program was intended—as an aid in bringing about the readjustment of the veterans in the communities in which they decide to live and enabling them to take their places in the economic and business life of our people.

On the other hand, the UCC is just as intent upon paying allowances only to those who have qualified for them and continue to meet the conditions prescribed by law. That is why an effort is made, every time a veteran files a claim for allowances, to find a job for him, or to help him find suitable work. If a veteran has been filing claims for several weeks, claims takers begin to question him as to what efforts, if any, he has made toward finding a job for himself.

FIND A FEW FRAUD CASES

In order to qualify for allotments a veteran must have been discharged under conditions other than dishonorable. He must be able to work, available for work and willing to take a suitable job. In fact, he must show every time he files a claim, by signing a statement to that effect, that he wants a job and can and will take a suitable one. Also, he is required to report any earnings from odd jobs or part-time employment in the weeks for which he applies for allowances, in cases of unemployed veterans, or in the months for which he seeks allowances, if he is a self-employed veteran.

If a claims taker has reason to believe that a veteran seeking allowances is not available for work or is not willing to take a job which is considered suitable for him, then payments are halted until the claims deputy makes a check and determines his rights. The same conditions apply to veterans who are believed to be employed part-time or at odd jobs and fail to report any earnings to the claims taker when he files his claim

In some cases a veteran will file a claim and report no earnings when he has actually been at work, full or part-time, and should have reported earnings. In such cases payments are stopped and a hearing held. If the claims deputy, or later the appeals deputy, finds that the veteran has actually practiced fraud in making his claim, the record in the case is turned over to Col. A. L. Fletcher, State Veterans Readjustment Allowance Agent. If Colonel Fletcher approves the findings of the UCC appeals deputy, he submits the record to the regional attorney for the Veterans Administration. At this writing, J. Howard Killian, of Charlotte, is acting regional attorney for the North Carolina region. The regional attorney turns the case over to the U. S. District Attorney in the appropriate district of the three districts in North Carolina for prosecution in the Federal Court. Only a few such cases have actually reached the trial stage, out of 35 to 40 fraud cases that have been turned over to the Readjustment Allowance Agent by the UCC deputies.

The UCC deputies have authority to stop payments and turn the the records over to the Readjustment Allowance Agent, in cases of fraud. That is as far as the UCC can go. It is then up to the Veterans Administration and the Federal Court officials. Penalties, in cases of fraud, include depriving the veteran of any further benefits under the G. I. Bill of Rights, the requirement that he refund any money obtained through fraud, and a fine of not more than $1000, or imprisonment for not more than one year, or both.

The UCC receives and processes claims of veterans,

(Continued on Page 99)

New Industries 181, Expansions 100, In Six Months

By Bill Sharpe, *Director, State News Bureau*

North Carolina industry experienced what is believed to be a record breaking growth in the first six months of 1946, according to the report of Paul Kelly, Assistant Director, and head of the Division of Commerce and Industry, N. C. Department of Conservation and Development.

One hundred eighty-one new industries and an even 100 expansions within existing industries, providing jobs for an estimated 28,638 new workers, requiring an approximate $62,491,500 in new capital investment, to provide an estimated $47,939,000 in new annual payrolls are listed in the summary prepared by Philip Schwartz, Industrial Analyst.

As compared to the over-all 1945 figures, which were thought at the time of their release last Spring to constitute the most rapid industrial growth in any similar period in the State, the first six months of this year showed 181 new plants (in operation or in such projection as to be definitely reportable) to 225 for all of last year; $29,000,000 to $47,000,000 in approximate investment; 17,000 to 16,000 new workers; and $29,000,000 to $21,000,000 in approximate new annual payrolls.

In 1945, new textile industries (all types) were predominant with a total of 78 out of 225, or approximately 34 per cent. This trend has continued steady and even stronger in the first six months of 1946, with a total of 96 out of 181, or approximately 53 per cent. Textile mill products, with an approximate 39 per cent, and apparel and other finished products, with an approximate 16 per cent, second and fourth respectively in the new comparison scale, seemed certain to establish, with the new textile industries figures, even more firmly by year's end North Carolina's position as the leading textile manufacturing state of the nation.

Continuing, too, the state's record as the leader in furniture and finished lumber products, new industries in those categories were 16 per cent of the total. Surprising, and heartening to state leaders, was the 8 per cent shown in food and kindred products in a state which raises much but has processed little food commodities. And the 6 per cent attributed to miscellaneous indicates that the recent efforts of the State Planning Board and other agencies toward the development of original new industries using North Carolina commodities is taking effect.

This latter trend is shown even more clearly in the approximate investment figures which show, for miscellaneous in new and expanded industries over $14,000,000, second only to textile mill products with $39,000,000. Food and kindred products was third with $3,250,000, with other classified divisions following in order: apparel and other finished products $940,000; chemicals and allied products $840,000; furniture and finished lumber products approximately $800,000; electrical $750,000; stone, clay and glass products $400,000; lumber and timber basic products $265,000; machinery $30,000. Expansion in tobacco plants, with no new industries reported, amounted to $2,000,000.

INCREASE IN SMALL FIRMS IN NORTH CAROLINA

North Carolina had a net gain of 1,460 industrial and commercial firms and 14,746 workers during the fiscal year ended June 30, 1946, roughly, the first reconversion year, as measured by the net increase of firms covered by the Unemployment Compensation Law.

During that year 1,216 firms with 53,090 covered workers retired from UC law coverage, while 2,676 new firms with 67,836 covered workers were brought under coverage. S. F. Campbell, director of Research and Statistics, reminds that retirement may mean that firms consolidated, and that new coverage may be old or consolidated firms, or firms with fewer than eight workers which may have come under coverage, voluntarily or involuntarily, due to relationship with other firms.

These figures, however, bear out the known condition that many small firms have started business or industry in the State since the war ended and those covered by the UC law as a rule have eight or more workers.

The one-year development is in contrast to activities in the three principal war years, fiscal 1942-45. During those years the State had a net loss of 114 covered firms, but a net gain of 18,811 protected workers. The record shows that 2,989 firms with 101,566 workers retired from coverage and that 2,875 firms with 120,377 workers were brought under UC law coverage.

By combining the figures for the four fiscal years ended June 30, last, it is found that 4,205 firms with 164,719 workers retired from coverage, while 5,551 firms with 188,213 workers were brought under coverage. This is a net gain in the four-year period of 1,346 covered firms and 23,494 workers.

It seems safe to assume that the present fiscal year will show an even greater increase than the past year in the numbers of firms coming under the UC law, particularly small firms with 8 to 50 or more workers, as well as numerous firms with fewer than eight workers, which generally do not come under the UC law.

"Relief and Social Security" by Lewis Meriam was recently published by The Brookings Institution. The first half of this 900 page book gives a description of American relief and social security problems. The British and New Zealand programs are then described, and the last third of the book discusses the major issues of today's social security and relief programs The study concludes that benefits should be offered to all who need them, and points out that the present program does not cover large groups whose members contribute to its support.

Armed Services Amendment To Social Security Act

From *The National Legionnaire*, October 1, 1946

The Armed Services Amendment to the Social Security Act, passed by the 79th Congress just prior to its recent adjournment, provides survivors' benefits for dependents of certain World War II veterans who have died or who will die within a limited period of time after discharge.

This amendment was a partial victory for The American Legion but did not achieve all that had been sought in a Legion-sponsored bill (S-2204) which became hopelessly entangled in Congressional red tape in the 11th hour of the session. Because of the situation, it became necessary to employ parliamentary strategy to assure passage of "some" law granting benefits to veterans' dependents.

"When it became evident our bill was stymied," stated Legislative Director John Thomas Taylor, "we immediately sponsored beneficial clauses in a comprehensive social security bill, H R 7037, which had progressed further along the Congressional route. This measure became Public Law No. 719."

WHO ARE ELIGIBLE

To qualify for benefits under the new law, the survivors of a deceased veteran must show that the veteran was in active military or naval service on or after September 16, 1940, and before the official end of the war. The veteran must have had at least 90 days of service, or, if his service was less than 90 days, it must have been terminated by reason of a service-connected or service-aggravated disability or injury.

The law applies to veterans who die or have died within three years after discharge and who were discharged within four years and one day after the termination of the war as determined by Presidential proclamation or declaration of Congress. The veteran must have been discharged under conditions other than dishonorable.

The law does NOT apply to veterans who died while in service. It does NOT apply to veterans who were dishonorably discharged. It does NOT apply to those who die more than three years after discharge.

If survivors are receiving compensation or pension—(this does not mean Government life insurance)—from the Veterans Administration, they are NOT eligible under the amendment.

The law confers on the *eligible* veteran a fully insured status and guarantees his credit of a minimum average monthly wage of $160. An increment year is also provided for each year of 30 days or more of service. The benefits are computed from the average monthly wage, and each increment year increases the basic benefit by one per cent.

If the qualified veteran leaves a widow with young children in her care, she will be eligible to receive a monthly benefit. Each child under 16 will be eligible to receive a monthly benefit two-thirds the amount of the widow's benefit. As each child reaches the age of 18, its benefit will terminate. When all children have reached the age of 18, the widow's benefit will be suspended if she is under 65 years of age. When the widow reaches 65, however, she will be eligible to file again for benefits, which will continue for the rest of her life. The widow, however, will lose all rights to benefits at any time if she remarries.

If the veteran leaves neither widow nor children under 18, his parents may be eligible for benefits if they are 65 years old or more, and were dependent upon him for support at the time of his death.

After January 1, 1947, such parents may receive benefits even though the veteran is survived by a widow, or child under 18, if the widow or child can never become eligible for benefits.

MUST FILE CLAIM

If the veteran leaves no survivors immediately eligible for monthly benefits a lump sum may be payable to a certain specified relative or any other relative or person who paid funeral expenses.

In case of veterans who died before enactment of the legislation, monthly benefits may be payable from the date of the veteran's death. Claims for such benefits must be filed at the nearest Social Security field office within six months after August 10, 1946, the date the law was enacted. Payment of benefits is *not* automatic. Claims must be filed for all benefits. Lump sum death claims must be filed within two years of death, or if the veteran died before enactment of the law, within six months of August 10, 1946, or two years after death, whichever is later.

PURPOSE OF LAW

If a person dies in service, compensation is generally payable to his survivors under Veterans Administration laws. But if after discharge he should have died without having a compensable service-connected disability, his survivors might have been without protection before the passage of the amendment. Many servicemen lost old-age and survivors' insurance status, or their potential benefits were reduced, because military service was not considered covered under the Social Security Act. The purpose of the amendment was to close this breach in survivors' protection, until such time as the veteran might be expected to have been able to acquire or re-establish protection under the old age and survivors' insurance program.

If benefits under the old age and survivors' insurance program already were payable and computation under the veterans' amendment would increase the amount, the additional amount will be payable to survivors who filed claims within six months after August 10, 1946. Claims for increases in lump sum payments already may be filed within six months of

(Continued on Page 99)

LESS THAN TWO PERCENT OF VETERANS EXHAUSTED ALLOWANCES

Only 1.51 percent of the approximately 321,000 North Carolina veterans of World War II who had been discharged by September 1 had exhausted their Servicemen's readjustment allowances by that date, whether they were eligible for only eight weeks or the full 52 weeks of benefits.

Veterans with as much as 90 days of service are eligible to draw unemployment allowances up to 24 weeks and it takes nine months and 16 days to make them eligible to draw the full 52 weeks of allowances. Only a small percenage of the 1,373 veterans who have exhausted their allowances are believed to have been eligible for allowances for the maximum period of 52 weeks.

Of the 321,000 North Carolina veterans released by September 1, 91,000 had filed claims for unemployment allowances, or 28.35 percent of the number released. It is obvious that a sizable portion of those filing their first claims did not file a compensable claim at the end of the week of unemployment and did not receive allowances. So, it is safe to assume that less than one-fourth of the released veterans have actually drawn benefits.

In the two years of operation of the servicemen's readjustment allowances program, from September, 1944, through August, 1946, records show that 905,-963 continued claims had been filed by unemployed veterans The continued claims filed in the State during the first eight months of 1946, period of the greatest activity, reached 508,108, an average of 14,-517 each week, or an average of 145 for each of the 100 counties each week.

North Carolina veterans, eligible for unemployment allowances, have drawn benefits for an average of slightly less than 10 weeks each, actually 9.96 weeks, since the program started.

APPRENTICE TRAINING BEING REVIVED IN N. C. INDUSTRIES

(Continued from page 83)

man, shipyard rigger, silversmith, silverware polisher, spinner, metal; steamfitter, stonemason, stone setter, jewelry; tailor, terrazzo and mosiac worker, tile layer, tool and die maker, turner, roll; upholsterer and trimmer, watchmaker.

Many speakers and writers have commented on the condition that is all too prevalent in North Carolina. Many young men and women spend their youth and training years in the State, and when they reach the age at which they should begin producing for the State, they strike out for some other area, adding to the wealth of other states during their producing years.

This condition could be met and remedied, in part, at least, by the well-directed apprentice training program, designed to develop the types of skills and crafts that are needed in North Carolina industry and that are directed toward fitting the young men and women of the State into the State's own particular economy.

The impetus given the program in North Carolina, already in fine position for general expansion, by the provisions for apprentice training in the G. I. Bill of Rights and the need for artisans and craftsmen in many types of skills in the State's expanding industry, should result in larger numbers of apprentices who will prepare today to take over leading roles in North Carolina's developing economy of the future.

Congressman John W. McCormack, of Massachusetts, in a speech several months ago in the House of Representatives, as recorded in the Congressional Record, gave a splendid outline of the methods, aims and objectives of the apprentice program in the nation. In his conclusion he made 12 fundamental points, general in scope, which he said should be embraced in every apprentice program. These points follow:

1. Individual training programs should be established in each trade for each locality. These training programs should be formulated by representatives of management sitting with representatives of employees.
2. Each program should contain a predetermined schedule of work experiences in the trade and should state the minimum number of hours required for training in the particular trade.
3. Each program should show the total number of hours in training necessary to qualify the veteran as a journeyman in the particular trade.
4. Each program should contain a progressively increasing wage schedule for the entire training period.
5. Each program should provide a ceiling as to the number of veterans to be in training at any one time.
6. Each program should allow for approximately 144 hours per year of related classroom instruction.
7. Each program should require adequate training records to be kept.
8. Each program should provide for a supervisor of apprentices.
9. Each program should provide for a written agreement, signed by the employer and the veteran, covering the terms and conditions of the training.
10. Each program and written agreement should be recorded with the local State apprenticeship agency.
11. Each program should provide for the issuance of a certificate of completion of apprenticeship to those who have satisfactorily completed their apprenticeship.
12. Each program should provide for the issuance of the necessary and proper tools. The G. I. bill provides for the tools for veterans in training.

IDENTIFYING AND LOCATING UNEMPLOYED IN NORTH CAROLINA

(Continued from page 79)

normally is of only 16 weeks duration. A recent study of the 14,858 unemployed veterans in a claim status during the week of October 7-12, 1946 shows that 57.69 percent had experienced ten or more consecutive weeks of unemployment. The following table shows the distribution of readjustment allowance unemployed in consecutive week status for the period October 7-12.

No. of Consecutive Weeks of Unemployment Experienced	*No. of Veterans*	*Percent*
1—10 weeks	6,286	42.31
10—19 weeks	3,800	25.58
20—29 weeks	2,370	15.95
30—39 weeks	1,808	12.17
4o and over	594	3.99
	14,858	100.00

From the study showing the duration of the veterans' unemployment, a measure can be obtained of the effectiveness of the placement process by the employment offices through which the claim is filed.

To answer the question of where the unemployed veterans are found the following table showing the weeks of unemployment allowances paid during September points out the areas where allowance activity is most pronounced, and the column showing by areas the average number of workers in covered employment during 1945 gives some indication of the potential opportunities within the area.

Area	*Average No. Covered Workers in 1945*	*%of Workers*	*Weekly Allowances Paid in September To Veterans*	*% of Veterans Weeks of Unemployment*
Coastal	66,500	12.69	17,655	19.56
Piedmont	364,500	69.56	42,192	46.75
Mountain	93,000	17.75	30,410	33.69

The area that offers the least employment opportunity to the unemployed veterans is found in the mountain section while the unemployed veteran would seem to have the greatest employment opportunity in the industrial Piedmont Area.

CONCLUSION

When the whole picture of unemployment in North Carolina is examined, the outlook is extremely favorable. Under the Unemployment Compensation Program, the reconversion drain on funds available has been much less than was predicted by the most optimistic forecasters. Between 60 and 70 percent of the post-war unemployment payments were made to women workers, a large part of whom entered the employment field as a result of war production demands or women who are normally engaged in seasonal employment anyway.

The number of veterans now receiving allowance payments when compared with the more than 319,000 service separations since the war ended, provides an encouraging picure of the reconversion efforts of North Carolina industry.

MARITIME WORKERS COVERED. GREENHOUSE WORKERS EXEMPT

(Continued from Page 87)

ployment Compensation Law of North Carolina has not specifically defined the term "agricultural labor," the Commission, in an opinion rendered in August 1946, gave a broad and comprehensive meaning to the term, and in passing on whether services performed by individuals in the growing of plants and flowers in a greenhouse located on a farm owned by the employer, concluded that such services are agricultural within the meaning of the law, and therefore, exempt from contributions under the Act.

In this opinion, the Commission did not discard the "farm test" criteria in reaching its conclusion, since in the particular case considered the individual workers involved were performing services on the farm of the owner in addition to working in his greenhouse operations. All the individuals worked both in the greenhouse and as laborers on the farm, there being no separate records kept as to the time spent by each individual in the different types of work. None of the individuals in this instance performed any services with reference to processing the plants for sale other than at times packing certain plants for shipment.

The same conclusion has been reached with regard to the services of workers engaged in greenhouse operations in Pennsylvania, New York, New Jersey, Missouri, and Tennessee, as well as in the Federal Courts which have held such services to be exempt from the provisions of the Fair Labor Standards Act.

BIG INCREASE IN SMALL INDUSTRIES IN NORTH CAROLINA

(Continued from page 76)

coverage terminated under the provision of the Law, which generally means that they were found to have less than eight persons in their employ for as many as twenty weeks and made formal request for release of coverage. In 790 cases of retirement the business was sold; in 837 cases the business was reorganized and continued under a successor in interest; in 54 cases it meant only a change in the name or style of the firm; the retirement of 169 firms resulted from other reasons.

During the biennium which included the fiscal years 1944-1946 2,336 firms employing 103,773 workers retired from coverage, but during the same period 3,705 new firms employing 98,142 workers established themselves in the State. This meant an increase of 1,369 active business firms, but a decline of 5,631 in employment.

INDUSTRIES AFFECTED

Retirements exceeded accessions in the following industries: Finance, Insurance and Real Estate; Insurance Carriers; Hotels; Mining; Telephone and Telegraph. In all other industries the accessions were greater than the retirements. Construction

was more seriously affected with respect to the number of workers, for while the number of establishments were greater at the end of the period by 291 than at the beginning, employment had declined by 15,786. Textiles on the other hand, which had an increase of only 91 new firms during the period, increased employment through the turnover by 15,442, the 111 firms which retired having employed 13,125, as compared to 28,567 employed by the 202 firms which came under coverage during the period.

In the manufacturing group as a whole there were 1,267 accessions, employing 53,735 workers, as compared to 865 retirements with employment of 43,780. This meant an increase in manufacturing industries of the State of 462 covered employers and 9,955 covered workers.

The foregoing comparisons indicate a wholesome forward movement in the industries of the State, with the exception of Mining and Construction. The let-up in Mining activity, of course, had been due to the lessened demand for mica for war purposes, and the limited extent to which quarried materials can be used because of shortages in other building material, while the construction industry is "chafing at the bit" to go forward as soon as supplies can be made available.

EMPLOYMENT SERVICE RETURNED TO STATE UCC NOVEMBER 16

(Continued from Page 73)

succeed Mrs. Evans early in 1937. When he entered the military service on leave, Mrs. Gertrude K. Clinton became State director and did a splendid job in transforming the USES into an efficient war agency. She carried the agency into its WMC days, when she resigned for personal reasons. Meanwhile, Dr. J. S. Dorton was appointed State director of WMC and his dynamic leadership carried the service through its trying war years. Having finished his job, he resigned as of November 30, 1945. Robert M. du Bruyne was made acting State director of the USES to serve until the return of Mr. Albright, who resumed his post in January, 1946. Upon the resignation of Mr. Albright, effective September 1, 1946, Ernest C. McCracken was appointed State director and Mr. du Bruyne succeeded him as assistant State director.

All during the war and in the post-war period, the USES in North Carolina and the State UCC have worked in close harmony and close proximity. Personnel have occupied the same State office and the same local offices and have performed their respective and corelated duties in such unity that the average citizen did not realize they were two separate and distinct units, even though they were operating under distinct and separate direction on national, regional and State levels. The Employment Service, on the national and regional levels, remains under direction of the U. S. Department of Labor, but resumes its place as a coordinate division in the State UCC.

"We welcome the Employment Service back into the State agency," said UCC Chairman Henry E. Kendall. "It did a fine job before the war and performed outstanding service during the trying war years. I know it will conduct its post-war activities in a manner just as creditable. The work of the UCC and the Employment Service are so interwoven and corelated that it is advisable and desirable that the two units be integrated and combined under one head, even though the duties of the Employment Service Division and the Unemployment Compensation Division will continue to remain separate and distinct.

"It was my pleasure," Chairman Kendall continued, "to work closely with higher officials of the USES and with Mr. Albright and later with Mr. McCracken and their staffs in preparing for and in completing the orderly transfer of the Employment Service to State control. This has been accomplished without friction and in the best of spirit. I am sure that, with Mr. R. Fuller Martin as director of the Unemployment Compensation Division and Mr. McCracken as director of the Employment Service Division, we shall continue to work in peace, harmony and efficiency at the task we have been assigned to perform by and for the State."

NORTH CAROLINA IN REGION IV HAS LESS UNEMPLOYMENT

Only two States in this region—Maryland and West Virginia—reported an excess of benefits over collections during the quarter ended June 30. Maryland paid $2.76 in benefits for every dollar collected. North Carolina, on the other hand, paid only 42¢ for every dollar in collections. Virginia's unemployment ratio of continued claims to covered employment rose from 2.1 to 4.2 percent. All others remained the same or declined. Initial and continued claims dropped in all States but Virginia, which reported an increase in initial claims.

Maryland showed the greatest relative drop in initial claims from 15,900 to 9,200.

The 37 percent decline in *North Carolina's* initial claims to 4,700 was brought about by the slackening in seasonal lay-offs in the tobacco industry at Winston-Salem, Rocky Mount and other areas. Continued claims also dropped, but not at the same rate.

The drop in *Virginia's* initial claims reflected a leveling off of lay-offs due to material shortages following the settlement of the coal and railway labor disputes. Continued claims in this State jumped 21,300 as a result of the return to single week reporting.—From *Employment Security Activities* for July, 1946.

The North Carolina Unemployment Trust Fund, at the end of the year 1946, had a balance of $121,201,916.99 after having paid $30,888,299.20 to unemployed workers since payments started in January, 1938. Total receipts to the fund since collections of contributions started for the year 1936 were $152,090,216.19 at the end of 1946, including $142,858,372.52 in contributions from liable employers and $9,231,843.67 in interest earned by the State's balance in the U. S. Treasury.

STATE PLANNING TO DEVELOP AND EXPAND N. C. INDUSTRIES

(Continued from page 75)

has been employed to direct the new department. Under Mr. Conover's direction, it is anticipated that a much more complete service may be offered.

III. RESEARCH, FACT-FINDING INFORMATION

Adequate research is the foundation of all planning. Basically the planning process involves the charting of a course of action in the light of the needs of the people and in the light of existing resources with which to meet those needs. If one accepts this definition of planning, it follows that the planning agency must know the needs and resources of its constituency.

To enumerate the studies which the Board has made and is making would require more space than this article will permit. The mere naming of a few will suffice to indicate the scope of the Board's work:

A survey of the public works of state departments and institutions and all local units of government.

A survey of vocational education needs of the State as related to the supply of vocationally trained students.

"North Carolina's New Industrial Opportunity," a study of the State's resources which best lend themselves to processing.

"Manufacturing Industries Not Found in North Carolina, Compared with the Number of Similar Establishments in Other Selected Southern States."

"An Analysis of Manufacturing Industries in North Carolina, as Compared with Selected Other Southern States."

"The Development of Manufacturing in North Carolina, as Compared with Selected Other Southern States and a Typical Eastern State, 1899-1939."

"Manufacturing Establishments in North Carolina in 1944; New and Expanding Industries Announced in 1945, by Counties."

"An analysis of Per Family Income, Industrial and Agricultural Employment, and Rural Levels of Living in North Carolina, by Counties."

"War Facility and Supply Contracts in North Carolina, the Southeast, and the United States."

"War Plant Facilities in North Carolina, the Southeast, and the United States."

"Average Annual Wage Per Employed Worker in Selected Classifications in North Carolina, the Southeast, and the United States."

"Employment Classifications in North Carolina, the Southeast, and the United States."

"The Trend in Decentralization of Industry."

"Percentage of Distribution of Manufacturing Wage Earners by Industry Groups in North Carolina and Selected Southern States."

"Population, Employment in all Industries, and Employment in Manufacturing, 1939; North Carolina, Selected Southern States, and the United States."

"The Economic Impact of the War on North Carolina."

"Income Payment Trends in North Carolina, the Southeast, and the United States, 1939-44."

IV. TO MAKE RECOMMENDATIONS

The real worth of the Board lies in the recommendations which it makes, as a result of its studies of the needs and resources of the State. Cognizant of the danger of ineffective work if it attempted to chart new courses of action in too many fields, the Board had elected to concentrate in the one field which it considers to be basic, namely, the fact that North Carolina's greatest problem is its relative poverty. The majority of the Board studies involve ways and means of making recommendations which will improve the State's comparative economic position.

The Board insists that we must not forget the fact that North Carolina, in terms of per capita income and per capita wealth—in fact in terms of all the economic indices—is a poor state in terms of the National average. Despite the popular belief to the contrary, the plush war years have not improved the situation to any appreciable extent.

In 1945, for instance, per capita income in North Carolina was $732, as compared with $1,150 for the United States as a whole, or only 64 per cent. The State ranked 45th among the states, only Arkansas, Mississippi and South Carolina ranking lower. This rank of 45th in 1945 represents a drop from 44th position in 1944. Even in terms of the average for the Southeastern states as a whole, North Carolina falls short, the Southeastern average being $761 as compared with $732 for North Carolina. This disparity between North Carolina and the national average is made even more graphic when we observe that total income of all North Carolina people in 1945 was only 1.69 per cent of the national total, whereas the North Carolina population is 2.70 of the national total.

North Carolina as a whole is kept low because so many counties within the State are low. If the per capita income in some 85 of the poorer counties could approximate that which exists in the top 15, the State's average would equal the National average.

In the opinion of the Board one means of improving the situation would be to bring about a program of industrial development of the right type. Much emphasis must be placed on the *right type* of industrial development. Generally speaking, this type would mean locally owned and operated industries geared to the needs of the communities involved. Above all, it would be diversified as compared with present industries. At present, North Carolina is too highly concentrated in the three fields of textiles, tobacco and furniture. For instance, in 1939, about 85 per cent of all the industrial employment in the State was concentrated within those three groups. By 1944, the situation had improved somewhat, the "all other" classification having increased from 15 to about 21 per cent.

Not only must industry in North Carolina be more diversified, but it must be more widely scattered geographically. The preponderant majority of all industry is now located in some 15 counties. With a few notable exceptions, those are the same 15 counties which are also the wealthiest counties.

The Board urges, with every resource at its command, that it behooves all North Carolinians to arouse themselves to the importance of taking these steps in order that the State may take its proper place economically among the family of states.

TRENDS IN COVERED EMPLOYMENT, WEEKLY WAGES, 1942-1945

(Continued from page 80)

The State-wide average rose from $23.75 in 1942 to $31.10 in 1945, an increase of 30.9 percent, or an increase of 78.3 percent from the $17.44 average for 1940.

It is pointed out that the average per capita weekly wage for any group, both in 1942 and 1945, is understated to the extent that workers reported on the pay roll during the last pay period in the month did not work the full month. This also results in some understatement of the number of different workers employed during a year, since employment figures are averaged to reflect the equivalent of the number that would have been required to work twelve months to accomplish the work that was performed. For instance, if an employer reports 60 workers employed in each of only two quarters, the figures are averaged and shown statistically as 30 workers being employed, as an average for a year. The average weekly wage is then arrived at by dividing the total wages paid the 60 workers by 52, and dividing this quotient by 30, or the average employment for a full year.

While this method may slightly understate the average weekly wage, it is valid for computing trends, since it affects the prior and current period in like manner.

Wages paid the North Carolina worker have shown an upward trend in nearly all activities since 1932, the rate of increase being less for Clerical and Service Workers, and in those industries devoted to low grade manufacture, where labor at low skill and wage levels must be employed to produce at a profit.

An exception may be found during war years in the case of Service Workers, especially Domestic Workers, and Agricultural Workers as well, who, because of the growing scarcity of labor and more attractive wages for unskilled labor in industry, have been able to command wages not before heard of in the South for this type of worker.

ADMINISTRATIVE PERSONNEL EARN LESS

Gratifying as these trends are, it may be pointed out that the wage levels which the statistics develop scarcely reflect the actual wage of the average wage earner. This is attributable to the fact that wage and employment data represent all paid employees, including officers of corporations drawing salaries or commissions. The smaller number in this category and the tremendously higher average rate of pay produces an unrealistic picture with respect to the average wage of the wage earner or production worker. The distortion of the per capita wage which results from these criteria is even more striking at the National level.

A study of industrial production in the United States in 1939 made by the Bureau of Research and Statistics of the Unemployment Compensation Commission disclosed that for each dollar paid as officers and administrative salaries in the United States only 4.3 dollars were paid to wage earners or production workers, while in North Carolina for each dollar paid as administrative salaries 7.2 dollars were paid to the wage earner or production worker. The North Carolina ratio of wages paid for actual production to salaries paid officers and administrative personnel was, therefore, 67.4 percent higher than the National average. This would indicate that, while the average per capita weekly wage in North Carolina is below the National level, the average for corporate officials and administrative personnel is even lower.

The average per capita weekly wage for 1946 in North Carolina will doubtless show some decline from 1945 because of the discontinuance of war time Shipbuilding, Ordnance, and Electrical Apparatus which results in the layoff of some 21,000 workers in the higher wage brackets. The average per capita weekly wage in 1945 was $40.89 for Ordnance, $35.18 for Electrical Apparatus, and $58.39 for Shipbuilding, and, unfortunately, it is not being replaced by production which requires labor of comparable skill and earning capacity.

The increases in average weekly wages from 1942 to 1945 fluctuated violently among the various industry groups, ranging from a decline of 0.1 percent for General Contracting to an increase of 75.3 percent for Metal Mining. However, only about 100 workers were involved in the increase of 75.3 percent, while nearly 7,000 were affected by the decline of .01 percent. This is not literally true, since the 6,678 construction workers employed in 1945 at an average wage of $32.94 may have been employed at the same wage rate in 1942, the decline in the average being due to the layoff of some 34,000 workers at higher wage levels.

The increase of 430.8 percent for Water Transportation workers from 1942 to 1945 is misleading. There was virtually no water transportation in the State in 1942, although a number of maintenance men or watchmen were employed part time or for short periods. This resulted in an extremely low wage rate when converted to the equivalent of full time employment, and the average per capita weekly wage in 1945 was 10 cents below the State average.

As previously indicated, Farm and Forestry worker wages increased by a higher percentage than any other major industry group, 60.9 percent.

Wages in Mining increased by the next highest percentages, 44.4 percent.

While Construction wages declined for more than 70 percent of the 1942 employment, and nearly half of the 1945 employment, weekly wages increased for the 7,425 workers employed by sub and special trade contractors, the net increase for the industry as a whole being 15.6 percent.

WAGES IN MANUFACTURE INCREASED 35.8%

Wages in Manufacture, which accounts for 67.3 percent of all covered employment in the State, increased by 35.8 percent, or from $22.92 in 1942 to $31.13 in 1945, the increase being 4.93 percentage points above the State-wide average. This increase ranged from 13.6 percent in rubber products to 59.8 percent in the manufacture of electrical apparatus. Only workers in the production of machinery other

than electrical, and those engaged in the manufacture of rubber products (largely tire recapping), obtained an increase of less than 25.0 percent, while the increase in wages in Ordnance Manufacture, Cigarette Manufacture, Furniture, Printing and Publishing, Iron and Steel and Transportation Equipment, was slightly under the average increase of 30.9 percent for the State.

Wages in Transportation, Communication and Public Utilities increased by 27.7 percent; wages in Trade Industries increased by 33.5 percent; in Finance Industries by 24.4 percent, and in Service Industries by 23.3 percent.

It may be seen, therefore, that except for Agriculture and Mining which showed phenomenal gains, weekly wages increased at a fairly even rate in all major industry groups, though the averages within industry groups were widely variant. These fluctuations ranged from an increase in the Transportation group of 21.9 percent for Telephone and Telegraph, to an increase of 55.7 percent for local utilities, disregarding the anomalous situation referred to in Water Transportation.

In the Trade group, wage increases ranged from 13.9 percent for brokers and factory representatives, to 58.3 percent for workers in retail apparel stores.

In the Finance group, wage increases ranged from 6.9 percent for insurance agents to 66.1 percent for employees of holding companies, which involved only three workers, real estate and insurance agents being next with an average increase of 53.8 percent.

The increase in wages among Service industries ranged from 1.4 percent for Professional Service to 61.3 percent for employees of Non-Profit Organizations.

NO SPECIAL WAR PROBLEMS IN N. C.

From the foregoing it may be seen that war conditions created no special problems in North Carolina except such as have arisen as a result of the aftermath, and these have come largely in response to disturbances that had their origin in other parts of the country.

The North Carolina labor force was reduced by approximately 150,000 during the war to supply the war needs of other States, while employment in North Carolina at the peak was only 24.5 percent above the 1940 level. It is still 13.7 percent above the pre-war level (1940), and as of June 30, 1946 demobilization had meant a drop of only 8.7 percent in employment from the war peak, while total wages paid have increased about 92.0 percent, and the average weekly wage has risen by 30.9 percent since 1940.

The Employment Service now has on file 20,444 job orders, which represents only a portion of the workers industry could absorb if it could find workers of suitable qualifications.

On the other hand, the Service has on file only 35,229 active applicants, which, except for the war years, is one of the smallest registrations since the Service was established in 1933. It is only about a third as high as the registrations in 1939 when the active file averaged from 75,000 to 100,000.

Labor-management relations in general have remained wholesome during this difficult period, and these comparisons evidence the strong effort industry in North Carolina is making to overcome the natural and man-made handicaps that grow out of every world crisis.

NATIONAL CITY BANK CITES UNEMPLOYMENT PROBLEMS

One of the signs of the times has been the number of persons applying for and receiving unemployment compensation. This is indicated by the next chart covering the State unemployment system and the veterans' unemployment allowances.

It will be seen that through most of the Spring and Summer unemployment claims were being paid to well over 3 million persons. At the end of August there were still on the rolls around 2½ million, consisting of approximately 1½ million veterans and one million non-veterans. The fact that these figures on persons drawing unemployment compensation run consistently above the Census Bureau totals of the unemployed is mainly because people still on a payroll, but temporarily idle, may draw compensation.

While the number of these compensation claims may not be considered large in view of the scope of demobilization and reconversion, it is nevertheless large relative to the urgent demand for labor in most localities. Here, again, the explanations vary —workers without jobs may not be qualified for jobs that are open, jobs and applicant localities may not match and the housing shortage has been a handicap in bringing both together, jobs may not measure up to hoped-for pay or working conditions. Many veterans have wanted to take a little time to "look around" before settling down.

With all due allowances, however, it remains true that too many people have been content to sit back and live off the Government rather than take jobs that are offered and hold on to them. Almost everyone knows of some instances of abuses. General Bradley, Administrator of Veterans Affairs, has referred publicly to the minority of veterans who are not really seeking work. The Veterans Administration has expressed concern over the number of veterans who are repeaters on the compensation rolls, claims filed by repeaters in July accounting for 43 percent of all new claims for the month. Unemployment compensation to non-veterans also shows a high rate of repeaters. This is government planning in reverse. The Government had planned liberal compensation benefits to tide over slack employment and deflation, but people are taking advantage of it.—From October, 1946, monthly digest of business conditions by National City Bank of New York.

During the month of December, 1946, personnel of the 78 local and branch offices of the North Carolina State Employment Service Division of UCC made 1,992 visits to employers in efforts to find and develop job openings for unemployed workers, veterans and non-veterans.

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